European Embedded Value (EEV) basis results

$Operating \ profit \ based \ on \ longer-term \ investment \ returns^{note(i)}$

Results analysis by business area

| Asia operations New business Business in force21.2661.076Business in force1.9601.764688Development expenses1.9601.764Development expenses2.0281.839Us operations New business Business in force2.0288373New business Business in force2.0288373Development expenses28373815Us operations New business Business in force1.6491.451New business Business in force1.6491.455UK operations new business Business in force3553Dus operations Business in force3553UK operations Business in force3553Dus operations Business in force3553UK operations Business in force3553Dus operations Business in force3553Dus operations Business in force3553Dus operations Business in force1.16491.455UK operations Business in force3553Dus operations Business in force1.2701.250Other interm expenditure Unwind of expected asset management margin==================================== | | Note | 2012 £m | 2011 £m note(v) |
|---|---|------|----------------|---------------------------|
| Business in force3694688Long-term business Eastspring hvestments Development expenses1,960 (7)1,764 | Asia operations New business | 2 | 1.266 | |
| Eastspring Investments Development expenses7580Development expenses7780Total2,0281,839Usoperations New business Business in force2873Iong-term business | | | | • |
| Development expenses(7)(5)Total2,0281,839US operations New business Business in force873815Long-term business Broker-dealer and asset management1,6101,431Broker-dealer and asset management1,6101,431Broker-dealer and asset management1,6101,431Broker-dealer and asset management1,6101,431Broker-dealer and asset management2313Comparison2313260Business in force3353Business in force3333400Coneral insurance commission33400Total UK insurance operations M&G889833MaG1,2701,250Other income and expenditure Investment return and other income Investment return and other income Investment return and other income Investment magin were Solvency I linplementation costs sector Solvency | Long-term business | | 1,960 | 1,764 |
| Total2,0281,839US operations New business Business in force2873815Bosiness1,6101,4311,331Broker-dealer and asset management1,6491,455UK operations New business Business in force23132,24Total1,6491,4551,6491,455UK operations New business General insurance commission866853933Cong-term business General insurance commission866853937Total1,2701,2701,2701,270Total UK insurance operations M&G1,377357357Total1,2701,2701,2701,270Other income and expenditure Unwind of expected asset management margin www.1,3221,250Other income and expenditure Unwind of expected asset management margin www.1,3221,379Total501501503503503503Total502503503503503503Total503503503503503503503RPI to CPI inflation measure change on defined benefit pension schemes inserve | Eastspring Investments | | | |
| Usoperations New business Business in force2373315Long-term business Broker-dealer and asset management1,4311,431324Total1,6491,4551,455UK operations New business Business in force2313324Cong-term business Business in force3353593Cong-term business General insurance commission3366353Cong-term business General insurance commission366353363Total UK insurance operations M&G367357357Total1,2701,270357Total1,2701,270357Total1,2701,270357Total1,2701,270357Total Other income Investment return and other income1322Investment return and other income Investment returns and expenditure Unwind of expected asset management margin wetwoit555555Total555555555555RPI to CPI inflation measure change on defined benefit pension schemes wetwoit Solvency U limplementation costs wetwoit Solvency U limplementation costs wetwoit Solvency U limplementation costs wetwoit New business <br< td=""><td>Development expenses</td><td></td><td>(7)</td><td>(5)</td></br<> | Development expenses | | (7) | (5) |
| New business Business in force2873 3815 616Long-term business Broker-dealer and asset management1,6101,431Broker-dealer and asset management1,6401,4431Broker-dealer and asset management1,6401,455UKoperations New business2313260Business in force2313260Business in force3553593Long-term business General insurance operations866853Cotal UK insurance operations Mac1,2701,250Other income and expenditure Investment return and other income Interest payable on core structural borrowings Corporate expenditure (2019)1,3322Interest payable on core structural borrowings Colvency II implementation costs wereign Solvency II implementation costs wereign Solvency II implementation costs wereign553553Departating profit Bosed on longer-term investment returns Subsiness in force4,3213,978Analysed as profits Cosses / from: New business Asset management Subsiness in force4,3213,978Analysed as profits Cosses / from: New business Asset management Subsiness in force4,3213,978Analysed as profits Cosses / from: New business Asset management Other results4,3364,404Asset management Other results4,3364,404Asset management management margin meterio4,3364,404Cosset for the second margin meterio33,988Cost for the second margin meterio33,9781< | Total | | 2,028 | 1,839 |
| Business in force37376616Long-term business Broker-dealer and asset management1,6101,431Broker-dealer and asset management1,6491,455UK operations New business Business in force2313260Dustiness in force2313260Long-term business General insurance commission8866853Cong-term business General insurance operations M&G88998893Total1,2701,250Other income and expenditure Investment return and other income Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management margin metrow1,270Total(540)(540)Coller Inflation measure change on defined benefit pension schemesmetrow Solvency Limplementation costs Restructuring costs Restructuring costs Business in force4,321Analysed as profits Cosses from: New business Asset management Business in force22,452Long-term business Asset management Business in force22,452Long-term business Asset management Business in force22,452Long-term business Asset management Generation3,1984Asset management Business in force4,4464,048Asset management Generation4,4464,048Asset management Generation4,4464,048Asset management Generation6,5616,561Corporation1,9841,887Business in force33,984Corpora | US operations | | | |
| Long-term business Broker-dealer and asset management1,610 1,431 391,431 24Total1,6491,455UK operations New business2 313353Step Step Step Step Step Step Step Step | | | | |
| Broker-dealer and asset management3924Total1.6491.455UK operations New business2313260Business in force3353593Long-term business General insurance commission8698833MaG1.2701.250337Total UK insurance operations MaG1.2701.250Other income and expenditure Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management margin experience1322Total(554)(536)(536)RPI to CPI inflation measure change on defined benefit pension schemesswetce Solvency II implementation costs structure Solvency II implementation costs struct | | 3 | | |
| Total1,6491,455UK operations New business2313260Business in force3553593Long-term business General insurance commission866853General insurance operations M&G899893Total UK insurance operations M&G1,2701,270Other income and expenditure Investment return and other income Investment return and other income1322Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management margineeeee13322Total(286)(286)(286)Corporate expenditure Unwind of expected asset management margineeeee(56)(53)Total(55)(53)(56)RPI to CPI inflation measure change on defined benefit pension schemesseeeee-45Solvency II implementation costseeeee-45Solvency II implementation costseeeee-45Solvency II implementation costseeeee-45Solvency II implementation costseeeeee-45Solvency II implementation costseeeeee-45Solvency II implementation costseeeeee-45Solvency II implementation costseeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeeee | | | | • |
| WK operations New business2313260Business in force3553593Long-term business General insurance commission866853Cong-term business General insurance commission886853Add3340Total UK insurance operations M&G899893M&G1.2701.270Other income and expenditure Investment return and other income Interest payable on core structural borrowings1322Corporate expenditure Unvind of expected asset management margin ************************************ | | | | |
| New business2313260Business in force3553593Long-term business866853General insurance commission889893Total UK insurance operations899893M&G1,2701,270Other income and expenditure1,2701,250Interest payable on core structural borrowings(280)(286)Corporate expenditure(231)(219)Unwind of expected asset management margin ^{metet00} (554)(536)Total(554)(536)RPI to CPI inflation measure change on defined benefit pension schemes ^{metet00} -45Solvency II implementation costs ^{metet00} 4,3213,978Analysed as profits (losses) from: New business22,4522,151Business in force31,8971,897Long-term business4,4364,048485461Other results4,4364,048485461Other results-4,3213,978 | Total | | 1,649 | 1,455 |
| Business in force3553593Long-term business General insurance commission866853 3340Total UK insurance operations M&G899893 371893 357Total OK insurance operations M&G1,2701,250Other income and expenditure Investment return and other income Investment return and other income1,2701,250Other income and expenditure Investment return and other income1322 (280) (286) (231)22 (280)Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management margin meter Solvency II implementation costs solvency II implementation costs solvency II implementation costs meter1,3213,978Analysed as profits Cosses/from: New business Business in force4,3213,978Long-term business Asset management Asset management of ther results4,436 (408 485 (600)4,436 (408 (481) | UK operations | | | |
| Long-term business General insurance commission 33 40 Total UK insurance operations M&G 371 557 Total 1,270 1,250 Other income and expenditure Investment return and other income 113 22 Interest payable on core structural borrowings (280) (286) Corporate expenditure (231) (219) Unwind of expected asset management margin moteral (554) (553) Total (554) (553) Total (554) (553) Total (554) (553) Poperating profit based on longer-term investment returnsmoteral (554) (553) Analysed as profits (losses) from: New business 2 2,452 2,151 Business in force 3 1,984 1,897 Long-term business 4,436 4,048 Asset management 0,600 (531) | | | | |
| General insurance commission3340Total UK insurance operations M&G899 371893 357Total1,2701,250Other income and expenditure Investment return and other income1322 (280) (280) (281) (211) (219) (219) (219) (211)1322 (280) (280) (281) (211) (219) (211)1322 (280) (280) (280) (211) (211) (211)Total(554)(556) (551)(557)Total(554)(556) (550) (550)(556) (550)RPI to CPI inflation measure change on defined benefit pension schemes motetim Solvency II implementation costs motetim New business-455 (550) (550) (551)Operating profit based on longer-term investment returns motetim New business4,3213,978Analysed as profits (losses) from: New business22,452 (2,151) (1,897)2,151 (1,897)Long-term business Asset management Other results4,436 (4,048) (4,805) (4,51)4,436 (4,048) (4,51) | | 3 | | |
| Total UK insurance operations M&G899 371899 357Total1,2701,250Other income and expenditure Investment return and other income13 1222 (280)Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management marginmetem13 (280)22 (280)Interest payable on core structural borrowings Corporate expenditure(280) (231)(286) (231)Interest payable on core structural borrowings Total(56)(53)Total(554)(56) (550)(550)RPI to CPI inflation measure change on defined benefit pension schemesmetem Solvency II implementation costsmetem Restructuring costsmetem-45 (500) (56)Operating profit based on longer-term investment returnsmetem4,3213,978Analysed as profits (losses) from: New business Business in force22,452 (4,36)2,151 (8,971)Long-term business Asset management Other results4,3664,048 (4,000)4,361 (600) | | | | |
| M&G371357Total1,2701,250Other income and expenditure Investment return and other income1322Inverset payable on core structural borrowings Corporate expenditure Unwind of expected asset management marginmetellio(280) (286) (291) (291)(290) (291)Unwind of expected asset management marginmetellio(554)(553)Total(554)(556)(550) (50)RPI to CPI inflation measure change on defined benefit pension schemesmetellio-45Solvency II implementation costsmetellio-45Solvency II implementation costsmetellio(56)(56)Restructuring costsmetellio4,3213,978Analysed as profits (losses) from: New business Business in force2,24522,151Long-term business Asset management Other results4,4364,048Asset management Other results4,4364,048Asset management Other results4,4364,048Asset management Other results4,3614,048Asset management Other results4,3614,048Asset management Other results4,3614,048Asset management Other results4,3614,048Asset management Other results6,5106,511 | | | | |
| Total1,2701,250Other income and expenditure Investment return and other income1322Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management marginnotet00(280)(280)Unwind of expected asset management marginnotet00(56)(53)Total(554)(556)RPI to CPI inflation measure change on defined benefit pension schemesnotet000-45Solvency II implementation costspotet000(56)(56)Restructuring costspotet000(22)(19)Operating profit based on longer-term investment returnsnotet004,3213,978Analysed as profits (losses) from: New business Business in force2,4522,4522,151Long-term business Asset management Other results4,4364,048461Other results(60)(53)(53) | | | | |
| Other income and expenditure Investment return and other income1322Investment return and other income1322Interest payable on core structural borrowings(280)(280)Corporate expenditure(231)(219)Unwind of expected asset management margin note(00)(56)(53)Total(554)(556)(56)RPI to CPI inflation measure change on defined benefit pension schemesnote(00)-45Solvency II implementation costsnote(v)(50)(56)Restructuring costsnote(v)(20)(19)Operating profit based on longer-term investment returnsnote(0)4,3213,978Analysed as profits (losses) from: New business Business in force22,4522,151Long-term business Asset management Other results4,4364,0484,610Other results(600)(53)(53) | | | | |
| Investment return and other income1322Interest payable on core structural borrowings(280)(286)Corporate expenditure(231)(219)Unwind of expected asset management marginnote(iii)(56)(53)Total(554)(536)RPI to CPI inflation measure change on defined benefit pension schemesnote(iiii)-45Solvency II implementation costsnote(iv)(50)(56)Restructuring costsnote(iv)(22)(19)Operating profit based on longer-term investment returnsnote(iii)4,3213,978Analysed as profits (losses) from: New business in force22,4522,151Business in force31,9841,897Long-term business Asset management Other results4,4364,048Asset management Other results(50)(50) | | | 1,270 | 1,250 |
| Interest payable on core structural borrowings Corporate expenditure Unwind of expected asset management marginmote(iii)(286) (231) (219) (219) (253)Total(554)(554)RPI to CPI inflation measure change on defined benefit pension schemesmote(iii)-45Solvency II implementation costsmote(iv) Restructuring costsmote(iv)-45Operating profit based on longer-term investment returnsmote(ii)4,3213,978Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business4,4364,048461Other results45Other resultsOther results <td>Other income and expenditure</td> <td></td> <td>12</td> <td>22</td> | Other income and expenditure | | 12 | 22 |
| Corporate expenditure(231)(219)Unwind of expected asset management margin************************************ | | | | |
| Unwind of expected asset management margin mote(ii)(56)(53)Total(554)(536)RPI to CPI inflation measure change on defined benefit pension schemesmote(iii)-45Solvency II implementation costsmote(iv)(50)(56)Restructuring costsmote(iv)(4,321)3,978Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business Asset management Other results4,4364,048(557)(551)(551)(551)Unstantion cost shorte(iv)Interpreting cost shorte(iv)Operating profit based on longer-term investment returnshorte(ii)New business Business in force22,4522,151-Interpreting cost shorte(iv)Interpreting cost shorte(iv)Interpreting cost shorte(iv)Interpreting cost shorte(iv)Interpreting cost shorte(iv) <td></td> <td></td> <td></td> <td></td> | | | | |
| RPI to CPI inflation measure change on defined benefit pension schemesnote(iii) Solvency II implementation costsnote(iv)-45Solvency II implementation costsnote(iv)(50)(56)(50)Restructuring costsnote(iv)(22)(19)(22)Operating profit based on longer-term investment returnsnote(ii)4,3213,978Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business Asset management Other results4,4364,048485461(531)(531) | Unwind of expected asset management margin ^{note(ii)} | | | |
| Solvency II implementation costs note (iv)(50)(56)Restructuring costs note (iv)(22)(19)Operating profit based on longer-term investment returns note (i)4,3213,978Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business4,4364,048485Asset management Other results(600)(531) | Total | | (554) | (536) |
| Solvency II implementation costs note (iv)(50)(56)Restructuring costs note (iv)(22)(19)Operating profit based on longer-term investment returns note (i)4,3213,978Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business4,4364,048485Asset management Other results(600)(531) | RPI to CPI inflation measure change on defined benefit pension schemes ^{note(III)} | | | 45 |
| Restructuring costsnote(iv)(22)(19)Operating profit based on longer-term investment returns note(i)4,3213,978Analysed as profits (losses) from: New business Business in force22,4522,151Long-term business Asset management Other results4,4364,0484,048Other results | | | (50) | |
| Analysed as profits (losses) from: New business22,4522,151Business in force31,9841,897Long-term business4,4364,048Asset management485461Other results600)(531) | Restructuring costs ^{note(iv)} | | | |
| New business22,4522,151Business in force31,9841,897Long-term business4,4364,048Asset management485461Other results(600)(531) | Operating profit based on longer-term investment returns ^{note(j)} | | 4,321 | 3,978 |
| Business in force31,9841,897Long-term business Asset management Other results4,4364,048485461461(600)(531) | Analysed as profits (losses) from: | | | |
| Long-term business 4,436 4,048 Asset management 485 461 Other results (600) (531) | New business | 2 | | |
| Asset management 485 461 Other results (600) (531) | Business in force | 3 | 1,984 | 1,897 |
| Other results (600) (531) | Long-term business | | | |
| | Asset management | | | |
| Total 4,321 3,978 | Other results | | (600) | (531) |
| | Total | | 4,321 | 3,978 |

Notes

- (i) EEV basis operating profit based on longer-term investment returns excludes the recurrent items of short-term fluctuations in investment returns, the mark to market value movements on core borrowings, the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes, and the effect of changes in economic assumptions. In addition for 2012, operating profit excludes the gain arising on the acquisition of REALIC and the dilution of the Group's holding in PPM South Africa. The amounts for these items are included in total EEV profit attributable to shareholders. The Company believes that operating profit, as adjusted for these items, better reflects underlying performance. Profit before tax and basic earnings per share include these items together with actual investment returns.
- (ii) The value of future profits or losses from asset management and service companies that support the Group's covered insurance businesses are included in the profits for new business and the in-force value of the Group's long-term business. The results of the Group's asset management operations include the profits from the management of internal and external funds. For EEV basis reporting, Group shareholders' other income is adjusted to deduct the unwind of the expected margin for the year arising from the management of the assets of the covered business (as defined in note 1(a)) by the Group's asset management businesses. The deduction is on a basis consistent with that used for projecting the results for covered insurance business. Group operating profit accordingly includes the variance between actual and expected profit in respect of management of the covered business assets.
- (iii) During 2011, the Group altered its inflation measure basis for future statutory increases to pension payments for certain tranches of its UK defined benefit pension schemes. This reflected the UK Government's decision to replace the basis of indexation from RPI with CPI. This resulted in a credit to operating profit for 2011 on an IFRS basis of £42 million and an additional £3 million recognised on the EEV basis.
- (iv) Restructuring costs comprise the charge of £(19) million recognised on an IFRS basis and an additional £(3) million recognised on the EEV basis for the shareholders' share of restructuring costs incurred by the PAC with-profits fund. Solvency II implementation costs comprise the charge of £(48) million recognised on an IFRS basis and an additional £(2) million recognised on the EEV basis.
- (v) The comparative results have been prepared using previously reported average exchange rates for the year.

European Embedded Value (EEV) basis results continued

Summarised consolidated income statement

| | Note | 2012 £m | 2011 £m |
|---|------|----------------|----------------|
| Operating profit based on longer-term investment returns | | | |
| Asia operations | | 2,028 | 1,839 |
| US operations | | 1,649 | 1,455 |
| UK operations: | | | |
| UK insurance operations | | 899 | 893 |
| M&G | | 371 | 357 |
| | | 1,270 | 1,250 |
| Other income and expenditure | | (554) | (536) |
| RPI to CPI inflation measure change on defined benefit pension schemes | | _ | 45 |
| Solvency II implementation costs | | (50) | (56) |
| Restructuring costs | | (22) | (19) |
| | | 4,321 | 3,978 |
| Operating profit based on longer-term investment returns | C | 538 | |
| Short-term fluctuations in investment returns | 6 | | (907) |
| Mark to market value movements on core borrowings | 10 | (380) | (14) |
| Shareholders' share of actuarial and other gains and losses on defined benefit | - | (2) | 22 |
| pension schemes | 7 | 62 | 23 |
| Effect of changes in economic assumptions | 8 | (16) | (158) |
| Gain on dilution of Group's holdings | 4 | 42 | _ |
| Gain on acquisition of REALIC | 5 | 453 | _ |
| Profit before tax attributable to shareholders (including actual investment returns) | | 5,020 | 2,922 |
| Tax attributable to shareholders' profit | 12 | (1,207) | (776) |
| Profit for the year | | 3,813 | 2,146 |
| Attributable to: | | 2 012 | 2 1 4 2 |
| Equity holders of the Company | | 3,813 | 2,142 |
| Non-controlling interests | | - | 4 |
| Profit for the year | | 3,813 | 2,146 |
| | | | |
| Earnings per share (in pence) | | | |
| | Note | 2012 | 2011 |
| Based on operating profit including longer-term investment returns, after related tax and | | | |
| non-controlling interests of £3,176 million (2011: £2,930 million) Based on profit after tax and non-controlling interests of £3,813 million | 13 | 125.0p | 115.7p |
| (2011: £2,142 million) | 13 | 150.1p | 84.6p |
| | | | |
| Dividends per share (in pence) | | | |
| | | 2012 | 2011 |
| Dividends relating to reporting year: | | | |
| Interim dividend | | 8.40p | 7.95p |
| Final dividend | | 20.79p | 17.24p |
| | | | |
| Total | | 29.19p | 25.19p |
| Dividends declared and paid in reporting year: | | 0.10 | |
| | | 8.40p | 7.95p |
| Current year interim dividend | | | |
| Current year interim dividend Final dividend for prior year | | 17.24p | 17.24p |

Movement in shareholders' equity (excluding non-controlling interests)

| | Note | 2012 £m | 2011 £m |
|--|------|----------------|----------------|
| Profit for the year attributable to equity shareholders | | 3,813 | 2,142 |
| Items taken directly to equity: | | | |
| Exchange movements on foreign operations and net investment hedges: | | | |
| Exchange movements arising during the year | | (467) | (90) |
| Related tax | | (2) | (68) |
| Dividends | | (655) | (642) |
| New share capital subscribed | | 17 | 17 |
| Reserve movements in respect of share-based payments | | 42 | 44 |
| Treasury shares: | | | |
| Movement in own shares in respect of share-based payment plans | | (13) | (30) |
| Movement in Prudential plc shares purchased by unit trusts consolidated under IFRS | | 36 | (5) |
| Mark to market value movements on Jackson assets backing surplus and required capital: | | | |
| Mark to market value movements arising during the year | | 53 | 96 |
| Related tax | | (18) | (34) |
| Net increase in shareholders' equity | 11 | 2,806 | 1,430 |
| Shareholders' equity at beginning of year (excluding non-controlling interests) | 11 | 19,637 | 18,207 |
| Shareholders' equity at end of year (excluding non-controlling interests) | 11 | 22,443 | 19,637 |

| | 31 | 31 December 2012 £m | | | 31 December 2011 £m | | |
|--|-------------------------------------|--|---------|-------------------------------------|--|--------|--|
| Comprising: | Long-term business operations | Asset management and other operations | Total | Long-term business operations | Asset management and other operations | Total | |
| Asia operations: | | | | | | | |
| Net assets of operations | 9,462 | 207 | 9,669 | 8,510 | 211 | 8,721 | |
| Acquired goodwill | 239 | 61 | 300 | 235 | 61 | 296 | |
| | 9,701 | 268 | 9,969 | 8,745 | 272 | 9,017 | |
| US operations: | | | | | | | |
| Net assets of operations | 6,032 | 108 | 6,140 | 5,082 | 113 | 5,195 | |
| Acquired goodwill | - | 16 | 16 | - | 16 | 16 | |
| | 6,032 | 124 | 6,156 | 5,082 | 129 | 5,211 | |
| UK insurance operations: | | | | | | | |
| Net assets of operations | 6,772 | 25 | 6,797 | 6,058 | 29 | 6,087 | |
| M&G: | | | | | | | |
| Net assets of operations | - | 392 | 392 | - | 229 | 229 | |
| Acquired goodwill | - | 1,153 | 1,153 | _ | 1,153 | 1,153 | |
| | - | 1,545 | 1,545 | - | 1,382 | 1,382 | |
| | 6,772 | 1,570 | 8,342 | 6,058 | 1,411 | 7,469 | |
| Other operations: | | | | | | | |
| Holding company net borrowings | | | | | | | |
| at market value | - | (2,282) | (2,282) | - | (2,188) | (2,188 | |
| Other net assets | - | 258 | 258 | _ | 128 | 128 | |
| | - | (2,024) | (2,024) | - | (2,060) | (2,060 | |
| Shareholders' equity at end of year (excluding non-controlling interests) | 22,505 | (62) | 22,443 | 19,885 | (248) | 19,637 | |
| Representing: | | | | | | | |
| Net assets (liabilities) | 22,266 | (1,292) | 20,974 | 19,650 | (1,478) | 18,172 | |
| Acquired goodwill | 239 | 1,230 | 1,469 | 235 | 1,230 | 1,465 | |
| | 22,505 | (62) | 22,443 | 19,885 | (248) | 19,637 | |

European Embedded Value (EEV) basis results continued

Net asset value per share (in pence)

| | 31 December 2012 | 31 December 2011 |
|--|---------------------|---------------------|
| Based on EEV basis shareholders' equity of £22,443 million (2011: £19,637 million) | 878p | 771p |
| Number of issued shares at year end (millions) | 2,557 | 2,548 |
| Return on embedded value* | 16% | 16% |

* Return on embedded value is based on EEV operating profit after related tax and non-controlling interests, as shown in note 13, as a percentage of opening EEV basis shareholders' equity.

Summary statement of financial position

| | Note | 31 December 2012 £m | 31 December 2011 £m† |
|---|------|---|----------------------------|
| Total assets less liabilities, before deduction for insurance funds Less insurance funds:* | | 274,863 | 243,207 |
| Policyholder liabilities (net of reinsurers' share) and unallocated | | | |
| surplus of with-profits funds | | (264,504) | (234,643) |
| Less shareholders' accrued interest in the long-term business | | 12,084 | 11,073 |
| | | (252,420) | (223,570) |
| Total net assets | 11 | 22,443 | 19,637 |
| Share capital | | 128 | 127 |
| Share premium | | 1,889 | 1,873 |
| IFRS basis shareholders' reserves | | 8,342 | 6,564 |
| | | 0,342 | 0,004 |
| Total IFRS basis shareholders' equity | 11 | 10,359 | 8,564 |
| Additional EEV basis retained profit | 11 | 12,084 | 11,073 |
| Total EEV basis shareholders' equity (excluding non-controlling interests) | 11 | 22,443 | 19,637 |

st Including liabilities in respect of insurance products classified as investment contracts under IFRS 4.

† For IFRS reporting purposes, 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 IFRS elements and additional EEV basis shareholders' interest for the comparative results for 2011 have been adjusted from those previously published for the retrospective application of the change as if the new accounting policy had always applied. This has resulted in a reallocation of £553 million for 2011 from IFRS basis shareholders' reserves to shareholders' accrued interest in the long-term business, with no overall effect on the EEV basis results.

The supplementary information on pages 326 to 362 was approved by the Board of directors on 12 March 2013 and signed on its behalf.

Tidjum Thion Pros

Paul Manduca Chairman

Tidjane Thiam Group Chief Executive

Nic Nicandrou Chief Financial Officer