PRUDENTIAL PLC
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of March, 2014

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

LAURENCE POUNTNEY HILL,
LONDON, EC4R 0HH, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F X Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82-

Enclosures: Prudential - FY13 Results - EEV

European Embedded Value (EEV) basis results

Pre-tax operating profit based on longer-term investment returns

Results analysis by business area

	Note	2013 £m	2012 £m note (ii)
Asia operations			
New business	2	1,460	1,266
Business in force*	3	927	692
Long-term business*		2,387	1,958
Eastspring investments*		74	69
Development expenses		(2)	(7)
Total*		2,459	2,020
US operations			
New business	2	1,086	873
Business in force	3	1,135	737
Long-term business		2,221	1,610
Broker-dealer and asset management		59	39
Total		2,280	1,649
UK operations			
New business	2	297	313
Business in force	3	736	553
Long-term business		1,033	866
General insurance commission		29	33
Total UK insurance operations		1,062	899
M&G (including Prudential Capital)		441	371
Total		1,503	1,270
Other income and expenditure			
Investment return and other income		10	13
Interest payable on core structural borrowings		(305)	(280)
Corporate expenditure		(263)	(231)
Unwind of expected asset management marginnote (i)		(61)	(56)
Total		(619)	(554)
Solvency II implementation costs		(31)	(50)
Restructuring costs		(12)	(22)
Pre-tax operating profit based on longer-term investment returns*		5,580	4,313
Analysed as profits (losses) from:			
New business	2	2,843	2,452
Business in force*	3	2,798	1,982
Long-term business*		5,641	4,434
Asset management*		574	479
Other results		(635)	(600)

Total*	5,580	4,313

* The Group has adopted the new accounting standard on 'Joint arrangements'(IFRS 11) from 1 January 2013. This has resulted in a reallocation of £(8) million in 2013 (2012: £(6) million) from the tax charge on operating profit based on longer-term investment returns to the pre-tax result for Eastspring investments, with no effect on the net of tax EEV basis results. In addition, the Group agreed in July 2013 to sell, dependent on regulatory approval, its closed book life insurance business in Japan. Accordingly, the presentation of the 2012 comparative EEV basis results and related notes have been adjusted from those previously published for the retrospective application of this standard and for the reclassification of the result attributable to the held for sale Japan Life business, as described in note 18. This approach has been adopted consistently throughout this supplementary information.

Notes

(i) The value of profits or losses from asset management and service companies that support the Group's covered insurance businesses (as defined in note 15(a)) 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 profit margin for the year arising from the management of the assets of the covered business 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.

(ii) The comparative results have been prepared using previously reported average exchange rates for the year.

Summarised consolidated income statement

	Note	2013 £m	2012 £m
Pre-tax operating profit based on longer-term investment returns			
Asia operations*		2,459	2,020
US operations		2,280	1,649
UK operations:			
UK insurance operations		1,062	899
M&G (including Prudential Capital)		441	371
		1,503	1,270
Other income and expenditure		(619)	(554)
Solvency II implementation costs		(31)	(50)
Restructuring costs		(12)	(22)
Pre-tax operating profit based on longer-term investment returns*		5,580	4,313
(Loss) profit attaching to held for sale Japan Life business*	4	(35)	21
Short-term fluctuations in investment returns*	5	(819)	510
Effect of changes in economic assumptions*	6	821	(2)
Mark to market value movements on core borrowings		152	(380)
Costs of domestication of Hong Kong branch	12	(35)	-
Gain on acquisition of REALIC**	4	-	453
Gain on dilution of Group's holdings**		-	42
Total non-operating profit*	9	84	644
Profit before tax attributable to shareholders (including actual investment returns)*		5,664	4,957
Tax attributable to shareholders' profit*	10	(1,306)	(1,188)
Profit for the year attributable to equity holders of the Company*		4,358	3,769

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11 and revised 'Employee benefits' (IAS 19) and for the reclassification of the result attributable to the held for sale Japan Life business – see note 18.
** During 2012, the Group completed the acquisition of REALIC generating a gain of £453 million and M&G reduced its holding in PPM South Africa resulting in a reclassification from a subsidiary to an associate and a gain on dilution of £42 million.

Earnings per share (in pence)

	Note	2013	2012*
Based on post-tax operating profit including longer-term investment returns of £4,204 million (2012*: £3,174 million)	11	165.0p	124.9p
Based on post-tax profit of £4,358 million (2012*: £3,769 million)	11	171.0p	148.3p

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11 and revised IAS 19 - see note 18.

Dividends per share (in pence)

	2013	2012
Dividends relating to reporting year:		
Interim dividend	9.73 p	8.40 p
Final dividend	23.84 p	20.79 p
Total	33.57 p	29.19 p
Dividends declared and paid in reporting year:		
Current year interim dividend	9.73 p	8.40 p
Final dividend for prior year	20.79 p	17.24 p
Total	30.52 p	25.64 p

Movement in shareholders' equity

	Note	2013 £m	2012 £m
Profit for the year attributable to equity shareholders*		4,358	3,769
Items taken directly to equity:			
Exchange movements on foreign operations and net investment hedges:			
Exchange movements arising during the year		(1,077)	(467)
Related tax		-	(2)
Dividends		(781)	(655)
New share capital subscribed		6	17
Post-tax shareholders' share of actuarial and other gains and losses on defined benefit pension schemes*		(53)	44
Reserve movements in respect of share-based payments		98	42
Treasury shares:			
Movement in own shares in respect of share-based payment plans		(10)	(13)
Movement in Prudential plc shares purchased by unit trusts consolidated under IFRS		(31)	36
Mark to market value movements on Jackson assets backing surplus and required capital:			
Mark to market value movements arising during the year		(149)	53
Related tax		52	(18)

Net increase in shareholders' equity	9	2,413	2,806
Shareholders' equity at beginning of year	9	22,443	19,637
Shareholders' equity at end of year	9	24,856	22,443

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of revised IAS 19 - see note 18.

	31 Dec 2013 £m			31 Dec 2012 £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	10,305	194	10,499	9,462	207	9,669
Acquired goodwill	231	61	292	239	61	300
	10,536	255	10,791	9,701	268	9,969
US operations:						
Net assets of operations	6,966	118	7,084	6,032	108	6,140
Acquired goodwill	-	16	16	-	16	16
	6,966	134	7,100	6,032	124	6,156
UK insurance operations:						
Net assets of operations	7,342	22	7,364	6,772	25	6,797
M&G:						
Net assets of operations	-	449	449	-	392	392
Acquired goodwill	-	1,153	1,153	-	1,153	1,153
	-	1,602	1,602	-	1,545	1,545
	7,342	1,624	8,966	6,772	1,570	8,342
Other operations:						
Holding company net borrowings at market valuenote 7	-	(2,373)	(2,373)	-	(2,282)	(2,282)
Other net assets	-	372	372	-	258	258
	-	(2,001)	(2,001)	-	(2,024)	(2,024)
Shareholders' equity at end of year	24,844	12	24,856	22,505	(62)	22,443
Representing:						
Net assets (liabilities)	24,613	(1,218)	23,395	22,266	(1,292)	20,974
Acquired goodwill	231	1,230	1,461	239	1,230	1,469
	24,844	12	24,856	22,505	(62)	22,443

	31 Dec 2013	31 Dec 2012
Net asset value per share		
Based on EEV basis shareholders' equity of £24,856 million (2012: £22,443 million) (in pence)	971p	878p
Number of issued shares at year end (millions)	2,560	2,557
Return on embedded value**	19%	16%

** Return on embedded value is based on EEV post-tax operating profit, as shown in note 11, as a percentage of opening EEV basis shareholders' equity.

Summary statement of financial position

	Note	31 Dec 2013 £m	31 Dec 2012 £m
Total assets less liabilities, before deduction for insurance funds*		288,826	271,768
Less insurance funds**			
Policyholder liabilities (net of reinsurers' share) and unallocated surplus of with-profits funds*		(279,176)	(261,409)
Less shareholders' accrued interest in the long-term business		15,206	12,084
		(263,970)	(249,325)
Total net assets	9	24,856	22,443
Share capital		128	128
Share premium		1,895	1,889
IFRS basis shareholders' reserves		7,627	8,342
Total IFRS basis shareholders' equity	9	9,650	10,359
Additional EEV basis retained profit	9	15,206	12,084
Total EEV basis shareholders' equity (excluding non-controlling interests)	9	24,856	22,443

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11 – see note 18.

** Including liabilities in respect of insurance products classified as investment contracts under IFRS 4. For 2013 the policyholder liabilities of the held for sale Japan Life business are included in total assets less liabilities, before deduction for insurance funds.

Notes on the EEV basis results

1 Basis of preparation

The EEV basis results have been prepared in accordance with the EEV Principles issued by the European Insurance CFO Forum in May 2004 and expanded by the Additional Guidance on EEV Disclosures published in October 2005. Where appropriate, the EEV basis results include the effects of adoption of International Financial Reporting Standards (IFRS).

The directors are responsible for the preparation of the supplementary information in accordance with the EEV Principles. Except for the presentational change for the results of the held for sale Japan Life business and the consequential effects of the changes in accounting policies for IFRS reporting in respect of employee benefits (IAS 19) and joint venture operations (IFRS 11), as described in note 18, the 2012 results have been derived from the EEV basis results supplement to the Company's statutory accounts for 2012. The supplement included an unqualified audit report from the auditors.

A detailed description of the EEV methodology and accounting presentation is provided in note 15.

2 Analysis of pre-tax new business contribution

	2013				
	Annual premium and contribution equivalents (APE) note 17	Present value of new business premiums (PVNBP) note 17	Pre-tax new business contribution	Pre-tax New business margin APE	Pre-tax New business margin PVNBP
	£m	£m	£m	%	%

Asia operations	2,125	11,375	1,460	69	12.8
US operations	1,573	15,723	1,086	69	6.9
UK insurance operations	725	5,978	297	41	5.0
Total	4,423	33,076	2,843	64	8.6

	2012				
	Annual premium and contribution equivalents (APE) note 17	Present value of new business premiums (PVNBP) note 17	Pre-tax new business contribution	Pre-tax New business margin APE	Pre-tax New business margin PVNBP
	£m	£m	£m	%	%
Asia operations	1,897	10,544	1,266	67	12.0
US operations	1,462	14,600	873	60	6.0
UK insurance operations	836	7,311	313	37	4.3
Total	4,195	32,455	2,452	58	7.6

		Pre-tax new business contributions	
		2013 £m	2012 £m
Asia operations:			
	China	37	26
	Hong Kong	354	210
	India	18	19
	Indonesia	480	476
	Korea	33	26
	Taiwan	37	48
	Other	501	461
Total Asia operations		1,460	1,266

3 Pre-tax operating profit from business in force

(i) Group Summary

	2013 £m				2012 £m			
	Asia operations note (ii)	US operations note (iii)	UK insurance operations note (iv)	Total	Asia operations* note (ii)	US operations note (iii)	UK insurance operations note (iv)	Total*
Unwind of discount and other expected returns	846	608	547	2,001	595	412	482	1,489
Effect of changes in operating assumptions	17	116	122	255	22	35	87	144
Experience variances and other items	64	411	67	542	75	290	(16)	349
Total	927	1,135	736	2,798	692	737	553	1,982

* The 2012 comparative results have been adjusted retrospectively from those previously published for the reclassification of the result attributable to the held for sale Japan Life business – see note 18.

(ii) Asia operations

	2013 £m	2012* £m
Unwind of discount and other expected returnsnote (a)	846	595
Effect of changes in operating assumptions:		
Mortality and morbiditynote (b)	35	79
Persistency and withdrawalsnote (c)	(30)	(24)
Expensenote (d)	(7)	(45)
Other	19	12
	17	22
Experience variance and other items:		
Mortality and morbiditynote (e)	42	57
Persistency and withdrawalsnote (f)	44	52
Expensenote (g)	(26)	(30)
Other	4	(4)
	64	75
Total Asia operations	927	692

* The 2012 comparative results have been adjusted retrospectively from those previously published for the reclassification of the result attributable to the held for sale Japan Life business – see note 18.

Notes

(a) The increase in unwind of discount and other expected returns of £251 million from £595 million in 2012 to £846 million in 2013 reflects a £140 million effect of higher risk discount rates, driven by the increase in long-term interest rates, together with an effect of £111 million arising from the growth in the opening in-force value (adjusted for assumption changes) on which the discount rates are applied, partially offset by a £(21) million reduction due to unfavourable exchange rate movements, particularly in Indonesia, and a £21 million increase in the return on net worth.

(b) In 2013 the credit of £35 million for mortality and morbidity assumption changes mainly reflects a beneficial effect arising from the renegotiation of a reinsurance agreement in Indonesia. The 2012 credit of £79 million primarily reflected mortality improvements in Hong Kong and Singapore and revised assumptions for critical illness business in Singapore.

(c) The charge for persistency and withdrawals assumption changes reflects a number of offsetting items including for 2013, the effect of strengthening lapse and premium holiday assumptions in Korea.

(d) In 2012 the charge of £(45) million for expense assumption changes principally arose in Malaysia and reflected changes to the pension entitlements of agents.

(e) The favourable effect of mortality and morbidity experience in 2013 of £42 million (2012: £57 million) reflects continued better than expected experience, principally arising in Hong Kong, Indonesia and Singapore.

(f) The persistency and withdrawals experience variance in 2013 of £44 million (2012: £52 million) principally reflects favourable experience in Hong Kong and Indonesia.

(g) The negative expense experience variance of £(26) million in 2013 (2012: £(30) million) principally reflects expense overruns for operations which are currently sub-scale (China, Malaysia Takaful and Taiwan) and in India where the business model is being adapted in response to the regulatory changes introduced in recent years.

(iii) US operations

	2013 £m	2012 £m
Unwind of discount and other expected returnsnote (a)	608	412
Effect of changes in operating assumptions:		
Persistencynote (b)	72	45
Variable annuity feesnote (c)	50	(19)
Other	(6)	9
	116	35

Experience variances and other items:			
	Spread experience variancenote (d)	274	205
	Amortisation of interest-related realised gains and lossesnote (e)	89	91
	Othernote (f)	48	(6)
		411	290
Total US operationsnote (g)		1,135	737

Notes

(a) The increase in unwind of discount and other expected returns of £196 million from £412 million for 2012 to £608 million in 2013 includes a £125 million effect of the increase in opening value of in-force business (after assumption changes), together with the positive effect of higher risk discount rates of £65 million and a £6 million increase in the return on net worth.

(b) The effect of changes in persistency assumptions of £72 million in 2013 (2012: £45 million) primarily relates to a reduction in lapse rates following the end of the surrender charge period, principally for variable annuity business.

(c) The effect of the change of assumption for variable annuity fees represents the capitalised value of the change in the projected policyholder advisory fees, which vary according to the size and the mix of variable annuity funds.

(d) The spread assumption for Jackson is determined on a longer-term basis, net of provision for defaults (see note 16(ii)(b)). The spread experience variance in 2013 of £274 million (2012: £205 million) includes the positive effect of transactions undertaken to more closely match the overall asset and liability duration.

(e) The amortisation of interest-related gains and losses reflects the fact that when bonds that are neither impaired nor deteriorating are sold and reinvested there will be a consequent change in the investment yield. The realised gain or loss is amortised into the result over the period when the bonds would have otherwise matured to better reflect the long-term returns included in operating profits.

(f) The credit of £48 million for other changes in experience variances and other items mainly reflects the positive persistency experience variance of £62 million (2012: £21 million) across all products.

(g) The result includes a full year contribution from the REALIC book of business of £61 million (2012: four months of £19 million).

(iv) UK insurance operations

	2013 £m	2012 £m
Unwind of discount and other expected returnsnote (a)	547	482
Effect of change in UK corporate tax ratenote (b)	122	87
Other itemsnote (c)	67	(16)
Total UK insurance operations	736	553

Notes

(a) The increase in unwind of discount and other expected returns of £65 million from £482 million in 2012 to £547 million for 2013 reflects a £34 million effect of higher discount rates, driven by the increase in gilt yields, a £24 million increase in the return on net worth and an effect of £7 million arising from the growth in the opening value of in-force.

(b) For 2013, the beneficial effect of the change in UK corporate tax rates of £122 million (2012: £87 million) reflects the combined effect of the reductions in corporate rates from 23 per cent to 21 per cent from April 2014 and 21 per cent to 20 per cent from April 2015 (2012: from 25 per cent to 23 per cent) which were both enacted in July 2013. Consistent with the Group's approach of grossing up the movement in the post-tax value of in-force business for shareholder tax, the £122 million (2012: £87 million) benefit is presented gross.

(c) Other items of £67 million for 2013 includes the positive effects of rebalancing the investment portfolio backing annuity business. In 2012 the negative effect of £(16) million included a charge of £(52) million for the strengthening of mortality assumptions, net of reserve releases and the effects of portfolio rebalancing for annuity business.

4 Business acquisitions and disposals

(a) Acquisition of Thanachart Life Assurance Company Limited and bancassurance partnership agreement with Thanachart bank

On 3 May 2013, the agreement Prudential plc, through its subsidiary Prudential Life Assurance (Thailand) Public Company Limited (Prudential Thailand), entered into in November 2012 to establish an exclusive 15-year partnership with Thanachart Bank Public Company limited (Thanachart Bank) to develop jointly their bancassurance business in Thailand was launched. At the same time Prudential Thailand completed the acquisition of 100 per cent of the voting interest in Thanachart Life Assurance Company Limited (Thanachart Life), a wholly-owned life insurance subsidiary of Thanachart Bank.

The consideration for the transaction is THB 18.981 billion (£412 million), of which THB 17.500 billion (£380 million) was settled in cash on completion in May 2013 with a further payment of THB 0.946 billion (£20 million), for adjustments to reflect the net asset value as at completion date, paid in July 2013. In addition a deferred payment of THB 0.535 billion (£12 million) is payable 12 months after completion. The acquired assets are comprised of:

	£m
Acquired assets:	
Net worth (including acquisition of distribution rights)	386
Value of in force acquired	26
Transaction consideration	412

The purchase consideration paid was equivalent to the fair value of the acquired assets and liabilities assumed. No goodwill has been recognised.

(b) Acquisition of Reassure America Life Insurance Company in 2012

On 4 September 2012, the Group through its indirect wholly-owned subsidiary, Jackson completed the acquisition of 100 per cent issued share capital of SRLC America Holding Corp. and its primary operating subsidiary, Reassure America Life Insurance Company (REALIC). REALIC is a US-based insurance company whose business model was to acquire, through purchase or reinsurance, closed blocks of insurance business, primarily life assurance risks. REALIC did not and does not write new business.

The gain of £453 million reflects the fair value of the acquired business as determined by applying the same methodology as applied for Jackson's non-variable annuity business. A risk discount rate of 4.3 per cent at the date of acquisition on 4 September 2012 was used.

(c) Agreement to sell Japan Life business

On 16 July 2013, the Group reached an agreement to sell, subject to regulatory approval, the life insurance business in Japan, PCA Life Insurance Company Limited, which was closed to new business in 2010, to SBI Holdings Inc. for US$85 million (£51 million at 31 December 2013 closing exchange rate) with related expenses of £3 million. Consistent with the 'held for sale' classification of the business for IFRS reporting, the EEV carrying value has been set to £48 million at 31 December 2013. For 2013 the result for the year, together with the adjustment to the carrying value have given rise to an aggregate loss of £(35) million which has been included in non-operating profit. Consistent with this treatment, the presentation of the comparative results has been adjusted retrospectively from those previously published.

5 Short-term fluctuations in investment returns

Short-term fluctuations in investment returns, net of the related change in the time value of cost of options and guarantees, arise as follows:

(i) Group Summary

		2013 £m	2012 £m
Insurance operations:			
	Asia*, note (ii)	(405)	362
	USnote (iii)	(422)	(254)
	UKnote (iv)	35	315
		(792)	423
Other operations:			
	Other*, note (v)	(27)	119
	Economic hedge value movementnote (vi)	-	(32)
Total*		(819)	510

*The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of revised IAS 19 and for the reclassification of the results attributable to the held for sale Japan Life business - see note 18.

(ii) Asia operations

For 2013, the negative short-term fluctuations in investment returns of £(405) million principally arise in Hong Kong of £(223) million and in Singapore of £(96) million, due to unrealised value reductions on bonds, arising from the increase in long-term interest rates, and in Indonesia of £(52) million for a decrease in future expected fee income for unit-linked business, driven by falls in equity markets.

For 2012, the positive short-term fluctuations in investment returns of £362 million in Asia operations were driven by unrealised gains on bonds and higher equity markets, principally arose in Hong Kong of £139 million mainly relating to positive returns on bonds backing participating business, Singapore of £114 million primarily relating to increasing future expected fee income for unit-linked business and unrealised gains on bonds, Taiwan of £56 million for unrealised gains on bonds and CDOs and India of £30 million.

(iii) US operations

The short-term fluctuations in investment returns for US operations comprise the following items:

	2013 £m	2012 £m
Investment return related experience on fixed income securitiesnote (a)	21	(99)
Investment return related impact due to changed expectation of profits on in-force variable annuity business in future periods based on current period separate account return, net of related hedging activity note (b)	(580)	(183)
Other items including actual less long-term return on equity based investmentsnote (c)	137	28
Total US operations	(422)	(254)

Notes

(a) The credit (charge) relating to fixed income securities comprises the following elements: (1) the excess of actual realised gains (losses) over the amortisation of interest related realised gains and losses recorded in the profit and loss account; (2) credit loss experience (versus the longer-term assumption); and (3) the impact of de-risking activities within the portfolio.

(b) This item reflects the net impact of variances in projected future fees and future benefit costs arising from the effect of market fluctuations on the growth in separate account asset values in the current reporting period and related hedging activity arising from realised and unrealised gains and losses on equity related hedges and interest rate options.

(c) Other items of £137 million in 2013 primarily reflects a beneficial impact of the excess of actual over assumed return from investments in limited partnerships.

(iv) UK insurance operations

The short-term fluctuations in investment returns for UK insurance operations arise from the following types of business:

	2013 £m	2012 £m
Shareholder-backed annuitynote (a)	(72)	(3)
With-profits,unit-linked and othernote (b)	107	318
Total UK insurance operations	35	315

Notes

(a) Short-term fluctuations in investment returns for shareholder-backed annuity business comprise: (1) gains/losses on surplus assets compared to the expected long-term rate of return reflecting reductions/increases in corporate bond and gilt yields; (2) the difference between actual and expected default experience; and (3) the effect of mismatching for assets and liabilities of different durations and other short-term fluctuations in investment returns.

(b) The short-term fluctuations in investment returns for with-profits, unit-linked and other business primarily arise from the excess of actual over expected returns for with-profits business. The total return on the fund (including unallocated surplus) in 2013 was 8 per cent compared to an assumed rate of return of 6 per cent (2012: 10 per cent total return compared to assumed rate of 5 per cent).In addition, the amount for 2013 includes the effect of a partial hedge of future shareholder transfers expected to emerge from the UK's with-profits sub-fund taken out during the year. This hedge reduces the risks arising from equity market declines.

(v) Other items

Short-term fluctuations in investment returns of Other operations, were negative £(27) million (2012: positive £119 million) representing principally unrealised value movements on investments and foreign exchange items.

(vi) Economic hedge value movements

This item represents the cost of short-dated hedge contracts taken out in the first half of 2012 to provide downside protection against severe equity market falls through a period of particular uncertainty with respect to the Eurozone. The hedge contracts were terminated in the second half of 2012.

6 Effect of changes in economic assumptions

The effects of changes in economic assumptions for in-force business, net of the related change in the time value of cost of options and guarantees, included within profit before tax (including actual investment returns) arise as follows:

(i) Group Summary

	2013 £m	2012 £m
Asia operations*, note (ii)	283	(135)
US operationsnote (iii)	372	85
UK insurance operationsnote (iv)	166	48

Total*	821	(2)

* The 2012 comparative results have been adjusted retrospectively from those previously published for the reclassification of the result attributable to the held for sale Japan Life business - see note 18.

(ii) Asia operations

The effect of changes in economic assumptions for Asia operations in 2013 of £283 million primarily reflects the overall impact of the increase in long-term interest rates in the year, principally arising in Hong Kong of £361 million, Singapore of £107 million and Taiwan of £99 million mainly due to the increase in fund earned rates for participating business. There are partial offsets arising in Indonesia of £(237) million and in Malaysia of £(77) million, mainly reflecting the negative impact of calculating health and protection future profits at a higher discount rate.

The charge of £(135) million in 2012 for the effect of changes in economic assumptions principally arose in Hong Kong of £(320) million, primarily reflecting the effect on projected cash flows of de-risking the asset portfolio and the reduction in fund earned rates on participating business, driven by the very low interest rate environment, and in Vietnam of £(47) million, following the fall in bond yields. There were partial offsets totalling £232 million, principally arising in Malaysia and Indonesia, mainly reflecting the positive impact of calculating projected health and protection profits at a lower rate, driven by the decrease in risk discount rates.

(iii) US operations

The effect of changes in economic assumptions for US operations reflects the following:

	2013 £m	2012 £m
Effect of changes in 10-year treasury rates and beta:		
Fixed annuity and other general account business note (a)	(375)	20
Variable annuity businessnote (b)	587	(83)
Decrease in additional allowance for credit risknote (c)	160	148
Total US operations note (d)	372	85

Notes

(a) For fixed annuity and other general account business the charge of £(375) million in 2013 principally arises from the effect of a higher discount rate on the opening value of the in-force book, driven by the 130 basis points increase in the risk-free rate. The projected cash flows for this business principally reflect projected spread, with secondary effects on the cash flows also resulting from changes to assumed future yields and resulting policyholder behaviour. The credit of £20 million in 2012 reflected a 10 basis point decrease in the risk free rate, partially offset by the effect for the acquired REALIC book (reflecting a 20 basis point increase in the risk-free rate from the 4 September acquisition date to 31 December 2012).

(b) For variable annuity business, the credit of £587 million principally reflects an increase in projected fee income and a decrease in projected benefit costs, arising from the increase in the rate of assumed future return on the underlying separate account assets, driven by the 130 basis points increase in the risk-free rate. There is a partial offset arising from the increase in the discount rate applied to those cash flows. The charge of £(83) million in 2012 reflected a decrease in the risk free rate of 10 basis points.

(c) For 2013 the £160 million (2012: £148 million) effect of the decrease in the additional allowance for credit risk within the risk discount rate reflected the reduction in credit spreads and represented a 50 basis points decrease for spread business and a 10 basis points decrease for variable annuity business, representing the proportion of business invested in the general account (as described in note 15(b)(iii)).

(d) The total effect of changes in economic assumptions for US operations of a credit of £372 million for 2013 includes a pre-tax charge of £(20) million for the effect of the change in required capital from 235 per cent to 250 per cent of risk-based capital (see note 15(b)(ii)).

(iv) UK insurance operations

The effect of changes in economic assumptions of a credit of £166 million for UK insurance operations for 2013 comprises the following:

	2013 £m	2012 £m
Effect of changes in expected long-term rates of return, risk discount rates and other changes:		
Shareholder-backed annuity businessnote (a)	(70)	140
With-profits and other businessnote (b)	236	(46)
Tax regimenote (c)	-	(46)
Total UK insurance operations	166	48

Notes

(a) For shareholder-backed annuity business the overall effect of changes in expected long-term rates of return and risk discount rates reflect the combined effects of the changes in economic assumptions, which incorporate a default allowance for both best estimate defaults and in respect of the additional credit risk provisions (as shown in note 16(iii)).

(b) For with-profits and other business the total credit in 2013 of £236 million (2012: charge of £(46) million) includes the net effect of the changes in fund earned rates and risk discount rate (as shown in note 16(iii)), driven by the 120 basis points increase (2012: a reduction of 20 basis points) in the 15-year government bond rate.

(c) In 2012, the effect of the change in tax regime of £(46) million reflected the change in pattern of taxable profits for shareholder-backed annuity business arising from the acceleration of tax payments due to the altered timing of relief on regulatory basis provisions.

7 Net core structural borrowings of shareholder-financed operations

	31 Dec 2013 £m			31 Dec 2012 £m		
	IFRS basis	Mark to market value adjustment	EEV basis at market value	IFRS basis	Mark to market value adjustment	EEV basis at market value
Holding company* cash and short-term investments	(2,230)	-	(2,230)	(1,380)	-	(1,380)
Core structural borrowings – central funds**	4,211	392	4,603	3,126	536	3,662
Holding company net borrowings	1,981	392	2,373	1,746	536	2,282
Core structural borrowings – Prudential Capital	275	-	275	275	-	275
Core structural borrowings – Jackson	150	38	188	153	43	196
Net core structural borrowings of shareholder-financed operations	2,406	430	2,836	2,174	579	2,753

* Including central finance subsidiaries.

** In January 2013, the Company issued US$700 million (£423 million at 31 December 2013 closing exchange rate) perpetual subordinated capital securities. In addition the Company issued £700 million subordinated notes in December 2013.

8 Analysis of movement in free surplus

Free surplus is the excess of the regulatory basis net assets for EEV reporting purposes (net worth) over the capital required to support the covered business. Where appropriate, adjustments are made to the net worth so that backing assets are included at fair value rather than cost so as to comply with the EEV Principles.

	2013 £m			2012* £m
	Long-term business note 12	Asset management and UK general insurance commission note (iii)	Free surplus of long-term business, asset management and UK general insurance commission	Free surplus of long-term business, asset management and UK general insurance commission
Long-term business and asset management operationsnote (i)				
Underlying movement:				
Investment in new businessnotes (ii), (viii)	(637)	-	(637)	(618)
Business in force:				
Expected in-force cash flows (including expected return on net assets)	2,150	471	2,621	2,405
Effects of changes in operating assumptions, operating experience variances and other operating items	478	-	478	293
	1,991	471	2,462	2,080
Effect of acquisition of REALIC	-	-	-	(169)
Increase in EEV assumed level of required capitalnote 12	(58)	-	(58)	-
(Loss) profit attaching to held for sale Japan Life business	(40)	-	(40)	31
Other non-operating itemsnote (iv)	(739)	17	(722)	(62)
	1,154	488	1,642	1,880
Net cash flows to parent companynote (v)	(1,069)	(272)	(1,341)	(1,200)
Bancassurance agreement and purchase of Thanachart Lifenotes 4 ,12	365	-	365	-
Exchange movements, timing differences and other itemsnote (vi)	(187)	(165)	(352)	(412)
Net movement in free surplus	263	51	314	268
Balance at 1 January 2013note (viii)	2,957	732	3,689	3,421
Balance at 31 December 2013note (viii)	3,220	783	4,003	3,689
Representing:				
Asia operations	1,185	194	1,379	1,181
US operations	956	118	1,074	1,319
UK operations	1,079	471	1,550	1,189
	3,220	783	4,003	3,689
Balance at 1 January 2013/ 1 January 2012 representing:				
Asia operations	974	207	1,181	1,278
US operations	1,211	108	1,319	1,333
UK operations	772	417	1,189	810
	2,957	732	3,689	3,421

*The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of the revised IAS 19 and for the reclassification of the result attributable to the Japan Life business – see note 18.

Notes

(i) All figures are shown post-tax.

(ii) Free surplus invested in new business represents amounts set aside for required capital and acquisition costs.

(iii) For the purposes of this analysis, free surplus for asset management operations and the UK general insurance commission is taken to be IFRS basis shareholders' equity.

(iv) Changes in non-operating items principally represent short-term fluctuations in investment returns and the effect of changes in economic assumptions for long-term business operations.

(v) Net cash flows to parent company for long-term business operations reflect the flows as included in the holding company cash flow at transaction rates.

(vi) Exchange movements, timing differences and other items represent:

	2013 £m		
	Long-term business	Asset management and UK general insurance commission	Total
Exchange movementsnote 12	(164)	(28)	(192)
Mark to market value movements on Jackson assets backing surplus and required capitalnote 9	(97)	-	(97)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemesnote 9	(22)	(18)	(40)
Othernote (vii)	96	(119)	(23)
	(187)	(165)	(352)

(vii) Other primarily reflects the effect of intra-group loans, contingent loan funding, as shown in note 12(i), timing differences and other non-cash items.

(viii) The free surplus balance at 31 December 2013 includes £392 million (2012: £177 million) representing unamortised amounts advanced to bancassurance partners for securing exclusive distribution rights. The annual amortisation charge is recorded within 'investment in new business' each year at a rate that is determined by reference to the actual sales levels achieved.

9 Reconciliation of movement in shareholders' equity

	2013 £m						2012* £m
	Long-term business operations						
	Asia operations note (i)	US operations	UK insurance operations	Total long-term business operations	Other operations note (i)	Group Total	Group Total
Pre-tax operating profit (based on longer-term investment returns)							
Long-term business:							
New businessnote 2	1,460	1,086	297	2,843	-	2,843	2,452
Business in forcenote 3	927	1,135	736	2,798	-	2,798	1,982
	2,387	2,221	1,033	5,641	-	5,641	4,434
Asset management	-	-	-	-	574	574	479
Other results	(2)	(1)	(16)	(19)	(616)	(635)	(600)
Pre-tax operating profit based on longer-term investment returns	2,385	2,220	1,017	5,622	(42)	5,580	4,313
Total non-operating profit	(157)	(46)	166	(37)	121	84	644

Profit before tax (including actual investment returns)	2,228	2,174	1,183	5,585	79	5,664	4,957
Tax (charge) credit attributable to shareholders' profitnote 10							
Tax on operating profit	(494)	(695)	(198)	(1,387)	11	(1,376)	(1,139)
Tax on non-operating profit	69	12	(34)	47	23	70	(49)
Profit for the year	1,803	1,491	951	4,245	113	4,358	3,769
Other movements (post-tax)							
Exchange movements on foreign operations and net investment hedges	(974)	(175)	-	(1,149)	72	(1,077)	(469)
Intra-group dividends (including statutory transfers)note (ii)	(433)	(300)	(339)	(1,072)	1,072	-	-
Investment in operationsnote (iii)	40	-	-	40	(40)	-	-
External dividends	-	-	-	-	(781)	(781)	(655)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemesnote (v)	-	-	(22)	(22)	(31)	(53)	44
Reserve movements in respect of share-based payments	-	-	-	-	98	98	42
Bancassurance agreement and purchase of Thanachart Lifenotes (vi) and 4	412	-	-	412	(412)	-	-
Other transfers	(5)	15	(20)	(10)	10	-	-
Treasury shares movements	-	-	-	-	(41)	(41)	23
New share capital subscribed	-	-	-	-	6	6	17
Mark to market value movements on Jackson assets backing surplus and required capital	-	(97)	-	(97)	-	(97)	35
Net increase in shareholders' equity	843	934	570	2,347	66	2,413	2,806
Shareholders' equity at 1 January 2013note (i)	9,462	6,032	6,772	22,266	177	22,443	19,637
Shareholders' equity at 31 December 2013note (i)	10,305	6,966	7,342	24,613	243	24,856	22,443

Representing:							
Statutory IFRS basis shareholders' equity	2,564	3,446	2,976	8,986	664	9,650	10,359
Additional retained profit (loss) on an EEV basisnote (iv)	7,741	3,520	4,366	15,627	(421)	15,206	12,084
EEV basis shareholders' equity	10,305	6,966	7,342	24,613	243	24,856	22,443
Balance at 1 January 2013/1 January 2012							
Representing:							
Statutory IFRS basis shareholders' equity	2,290	4,343	3,008	9,641	718	10,359	8,564
Additional retained profit (loss) on an EEV basisnote (iv)	7,172	1,689	3,764	12,625	(541)	12,084	11,073
EEV basis shareholders' equity	9,462	6,032	6,772	22,266	177	22,443	19,637

*The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11 and revised IAS 19 and for the reclassification of the result attributable to the held for sale Japan Life business – see note 18.

Notes

(i) For the purposes of the table above, goodwill related to Asia long-term operations is included in Other operations.

(ii) Intra-group dividends (including statutory transfers) represent dividends that have been declared in the year and amounts accrued in respect of statutory transfers. The amounts included in note 8 for these items are as per the holding company cashflow at transaction rates. The difference primarily relates to intra-group loans, timing differences arising on statutory transfers, and other non-cash items.

(iii) Investment in operations reflects increases in share capital.

(iv) The additional retained loss on an EEV basis for Other operations primarily represents the mark to market value adjustment for holding company net borrowings of a charge of £(392) million (2012: charge of £(536) million), as shown in note 7.

(v) The (charge) credit for the shareholders' share of actuarial and other gains and losses on defined benefit schemes comprises:

	2013 £m	2012* £m
IFRS basis	(48)	34
Additional shareholders' interestnote 15(c)(vi)	(5)	10
EEV basis total	(53)	44

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of revised IAS 19 - see note 18.

(vi) The £412 million transfer from Other operations to Asia operations represents the funding of Asia operations to purchase the bancassurance agreement and Thanachart Life (as shown in note 4).

10 Tax attributable to shareholders' profit

The tax charge comprises:

	2013 £m	2012 £m

Tax charge on operating profit based on longer-term investment returns:		
Long-term business:*		
Asia operations	494	420
US operations	695	513
UK insurance operations	198	168
	1,387	1,101
Other operations**	(11)	38
Total tax charge on operating profit based on longer-term investment returns**	1,376	1,139
Tax (credit) charge on non-operating profit**	(70)	49
Tax charge on profit attributable to shareholders (including tax on actual investment returns)**	1,306	1,188

*The tax charge on operating profit for long-term business includes tax on Solvency II and restructuring costs.
** The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11 and revised IAS 19 - see note 18.

11 Earnings per share (EPS)

	2013 £m		2012* £m	
	Operating	Total	Operating	Total
Pre-tax profit	5,580	5,664	4,313	4,957
Tax	(1,376)	(1,306)	(1,139)	(1,188)
Post-tax profit	4,204	4,358	3,174	3,769
EPS (pence)	165.0p	171.0p	124.9p	148.3p
Average number of shares (millions)	2,548	2,548	2,541	2,541

* The 2012 comparative results have been adjusted retrospectively from those previously published for the adoption of IFRS 11, revised IAS 19 and for the reclassification of the result attributable to the held for sale Japan Life business - see note 18.

12 Reconciliation of post-tax movements in net worth and value of in-force for long-term business

	2013 £m				
	Free Surplus note 8	Required capital	Total net worth	Value of in-force business note (iv)	Total long-term business operations
Group					
Shareholders' equity at 1 January 2013	2,957	3,898	6,855	15,411	22,266
New business contributionnotes (ii), (iii)	(637)	461	(176)	2,258	2,082
Existing business – transfer to net worth	2,017	(347)	1,670	(1,670)	-
Expected return on existing business	133	90	223	1,277	1,500
Changes in operating assumptions and experience variances *	478	(7)	471	182	653
Increase in EEV assumed level of required capitalnote (vi)	(58)	58	-	(13)	(13)
Loss attaching to held for sale Japan Life business	(40)	-	(40)	5	(35)
Other non-operating items	(739)	(103)	(842)	900	58
Post-tax profit from long-term business	1,154	152	1,306	2,939	4,245
Exchange movements on foreign operations and net investment hedges	(164)	(117)	(281)	(868)	(1,149)
Bancassurance agreement and purchase of Thanachart Lifenotes 4 and (v)	365	21	386	26	412
Intra-group dividends (including statutory transfers) and investment in	(963)	-	(963)	(69)	(1,032)

operationsnote (i)					
Other movements	(129)	-	(129)	-	(129)
Shareholders' equity at 31 December 2013note(viii)	3,220	3,954	7,174	17,439	24,613
Representing:					
Asia operations					
Shareholders' equity at 1 January 2013	974	970	1,944	7,518	9,462
New business contributionnote (iii)	(310)	107	(203)	1,342	1,139
Existing business – transfer to net worth	713	29	742	(742)	-
Expected return on existing business	74	(1)	73	595	668
Changes in operating assumptions and experience variances*	32	(9)	23	61	84
Loss attaching to held for sale Japan Life businessnote 4	(40)	-	(40)	5	(35)
Other non-operating items	(70)	(56)	(126)	73	(53)
Post-tax profit from long-term business	399	70	469	1,334	1,803
Exchange movements on foreign operations and net investment hedges	(155)	(84)	(239)	(735)	(974)
Bancassurance agreement and purchase of Thanachart Lifenotes 4 and (v)	365	21	386	26	412
Intra-group dividends (including statutory transfers) and investment in operations	(393)	-	(393)	-	(393)
Other movements	(5)	-	(5)	-	(5)
Shareholders' equity at 31 December 2013note (viii)	1,185	977	2,162	8,143	10,305
US operations					
Shareholders' equity at 1 January 2013	1,211	1,600	2,811	3,221	6,032
New business contributionnote (iii)	(298)	288	(10)	716	706
Existing business – transfer to net worth	796	(296)	500	(500)	-
Expected return on existing business	41	53	94	301	395
Changes in operating assumptions and experience variances*	292	21	313	111	424
Increase in EEV assumed level of required capitalnote (vi)	(58)	58	-	(13)	(13)
Other non-operating items	(637)	(84)	(721)	700	(21)
Post-tax profit from long-term business	136	40	176	1,315	1,491
Exchange movements on foreign operations and net investment hedges	(9)	(33)	(42)	(133)	(175)
Intra-group dividends (including statutory transfers)	(300)	-	(300)	-	(300)
Other movements	(82)	-	(82)	-	(82)
Shareholders' equity at 31 December 2013	956	1,607	2,563	4,403	6,966
UK insurance operations					
Shareholders' equity at 1 January 2013	772	1,328	2,100	4,672	6,772
New business contributionnote (iii)	(29)	66	37	200	237
Existing business – transfer to net worth	508	(80)	428	(428)	-
Expected return on existing business	18	38	56	381	437
Changes in operating assumptions and experience variances*	154	(19)	135	10	145
Other non-operating items	(32)	37	5	127	132
Post-tax profit from long-term business	619	42	661	290	951
Intra-group dividends (including statutory transfers)note (i)	(270)	-	(270)	(69)	(339)
Other movements	(42)	-	(42)	-	(42)

Shareholders' equity at 31 December 2013note (viii)	1,079	1,370	2,449	4,893	7,342

* Changes in operating assumptions and experience variances as reported above include development, Solvency II and restructuring costs.

Notes

(i) The amounts shown in respect of free surplus and the value of in-force business for UK insurance operations for intra-group dividends (including statutory transfers) include contingent loan funding. Contingent loan funding represents amounts whose repayment to the lender is contingent upon future surpluses emerging from certain contracts specified under the arrangement. If insufficient surplus emerges on those contracts, there is no recourse to other assets of the Group and the liability is not payable to the degree of shortfall.

(ii) The movements arising from new business contribution are as follows:

	2013 £m	2012 £m
Free surplus invested in new business	(637)	(618)
Increase in required capital	461	454
Reduction in total net worth	(176)	(164)
Increase in the value associated with new business	2,258	1,955
Total post-tax new business contribution	2,082	1,791

(iii) Free surplus invested in new business is as follows:

	2013 £m				2012 £m			
	Asia operations	US operations	UK insurance operations	Total long-term business operations	Asia operations	US operations	UK insurance operations	Total long-term business operations
Pre-tax new business contributionnote 2	1,460	1,086	297	2,843	1,266	873	313	2,452
Tax	(321)	(380)	(60)	(761)	(284)	(305)	(72)	(661)
Post-tax new business contribution	1,139	706	237	2,082	982	568	241	1,791
Free surplus invested in new business	(310)	(298)	(29)	(637)	(292)	(281)	(45)	(618)
Post-tax new business contribution per £1 million free surplus invested	3.7	2.4	8.2	3.3	3.4	2.0	5.4	2.9

(iv) The value of in-force business includes the value of future margins from current in-force business less the cost of holding required capital and represents:

2013 £m				2012 £m			
Asia operations	US operations	UK insurance operations	Total long-term business	Asia operations	US operations	UK insurance operations	Total long-term business

	operations	operations
Value of in-force business before deduction of cost of		