

**(ix) Inter-company arrangements**

The EEV results for covered business incorporate the effect of the reinsurance arrangement of non-profit immediate pension annuity liabilities of SAIF (which is not covered business) to PRIL. In addition, the free surplus and value of in-force business are calculated after taking account of the impact of contingent loan arrangements between Group companies (movements in the contingent loan liability are reflected via the projected cash flows in the value of in-force and the related funding is reflected in free surplus).

**(x) Foreign exchange rates**

Foreign currency results have been translated as discussed in note 1(b)(vi), for which the principal exchange rates are as follows:

Local currency: £	Average rate for the		Average rate for the		Average rate for the	
	Closing rate at 30 Jun 2013	6 months to 30 Jun 2013	Closing rate at 30 Jun 2012	6 months to 30 Jun 2012	Closing rate at 31 Dec 2012	12 months to 31 Dec 2012
China	9.31	9.56	9.97	9.97	10.13	10.00
Hong Kong	11.76	11.98	12.17	12.24	12.60	12.29
India	90.13	84.94	87.57	82.27	89.06	84.70
Indonesia	15,053.25	15,024.12	14,731.67	14,460.30	15,665.76	14,842.01
Korea	1,732.15	1,703.47	1,796.42	1,800.16	1,740.22	1,785.07
Malaysia	4.79	4.75	4.98	4.87	4.97	4.89
Singapore	1.92	1.92	1.99	1.99	1.99	1.98
Taiwan	45.46	45.78	46.87	46.77	47.20	46.88
Thailand	47.04	46.07	49.81	49.11	49.72	49.26
Vietnam	32,161.63	32,305.17	32,788.45	32,937.67	33,875.42	33,083.59
US	1.52	1.54	1.57	1.58	1.63	1.58

**2 Analysis of new business contribution**

	Half year 2013						
	New business premiums		Annual premium and contribution equivalents (APE) £m	Present value of new business premiums (PVNBP) £m	Pre-tax new business contribution £m	New business margin	
	Single £m	Regular £m				APE %	PVNBP %
Asia operations	1,097	899	1,010	5,524	659	65	11.9
US operations	7,957	1	797	7,957	479	60	6.0
UK insurance operations	2,435	112	355	2,943	130	37	4.4
Total	11,489	1,012	2,162	16,424	1,268	59	7.7

  

	Half year 2012						
	New business premiums		Annual premium and contribution equivalents £m	Present value of new business premiums £m	Pre-tax new business contribution £m	New business margin	
	Single £m	Regular £m				APE %	PVNBP %
Asia operations	669	832	899	4,725	547	61	11.6
US operations	7,119	8	719	7,180	442	61	6.2
UK insurance operations	2,960	116	412	3,495	152	37	4.3
Total	10,748	956	2,030	15,400	1,141	56	7.4

## Notes on the EEV basis results continued

### 2 Analysis of new business contribution continued

	Full year 2012						
	New business premiums		Annual premium and contribution equivalents £m	Present value of new business premiums £m	Pre-tax new business contribution £m	New business margin	
	Single £m	Regular £m				APE %	PVNBP %
Asia operations	1,568	1,740	1,897	10,544	1,266	67	12.0
US operations	14,504	12	1,462	14,600	873	60	6.0
UK insurance operations	6,286	207	836	7,311	313	37	4.3
Total	22,358	1,959	4,195	32,455	2,452	58	7.6

	New business contribution £m		
	Half year 2013	Half year 2012	Full year 2012
Asia operations:			
China	17	14	26
Hong Kong	162	101	210
India	10	10	19
Indonesia	228	179	476
Korea	19	19	26
Taiwan	16	17	48
Other	207	207	461
Total Asia operations	659	547	1,266

### 3 Operating profit from business in force

#### (i) Group summary

	Half year 2013 £m			
	Asia operations note (ii)	US operations note (iii)	UK insurance operations note (iv)	Total
Unwind of discount and other expected returns	400	287	267	954
Effect of changes in operating assumptions	(13)	70	–	57
Experience variances and other items	33	180	7	220
Total	420	537	274	1,231

	Half year 2012* £m			
	Asia operations note (ii)	US operations note (iii)	UK insurance operations note (iv)	Total
Unwind of discount and other expected returns	318	198	245	761
Effect of changes in operating assumptions	(3)	35	43	75
Experience variances and other items	12	130	50	192
Total	327	363	338	1,028

\* As adjusted for the effect of the Japan Life business sale agreement - see note 1.