

Notes on the EEV basis results continued

10 Reconciliation of movement in shareholders' equity

	Half year 2013 £m					
	Long-term business operations				Other operations note (i)	Group total
	Asia operations note (i)	US operations	UK insurance operations	Total long-term business operations		
Operating profit (based on longer-term investment returns)						
Long-term business:						
New business ^{note 2}	659	479	130	1,268	–	1,268
Business in force ^{note 3}	420	537	274	1,231	–	1,231
	1,079	1,016	404	2,499	–	2,499
Asset management	–	–	–	–	297	297
Other results	(2)	(1)	(14)	(17)	(300)	(317)
Operating profit based on longer-term investment returns	1,077	1,015	390	2,482	(3)	2,479
Short-term fluctuations in investment returns ^{note 5}	(282)	(404)	(92)	(778)	(30)	(808)
Mark to market value movements on core borrowings ^{note 9}	–	21	–	21	182	203
Effect of changes in economic assumptions ^{note 6}	333	62	289	684	–	684
Loss attaching to held for sale Japan Life business ^{note 7}	(47)	–	–	(47)	–	(47)
Profit before tax (including actual investment returns)	1,081	694	587	2,362	149	2,511
Tax (charge) credit attributable to shareholders' profit: ^{note 11}						
Tax on operating profit	(250)	(309)	(97)	(656)	(2)	(658)
Tax on short-term fluctuations in investment returns	59	133	22	214	7	221
Tax on effect of changes in economic assumptions	(61)	(22)	(67)	(150)	–	(150)
Total tax (charge) credit	(252)	(198)	(142)	(592)	5	(587)
Profit for the period	829	496	445	1,770	154	1,924
Other movements						
Exchange movements on foreign operations and net investment hedges, net of tax	385	436	–	821	(128)	693
Intra-group dividends (including statutory transfers) ^{note (ii)}	(210)	(304)	(102)	(616)	616	–
Investment in operations ^{note (ii)}	43	–	–	43	(43)	–
External dividends	–	–	–	–	(532)	(532)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes, net of tax ^{note (iv)}	–	–	(7)	(7)	(19)	(26)
Reserve movements in respect of share-based payments	–	–	–	–	31	31
Bancassurance agreement and purchase of Thanachart Life ^{notes (v) and 4}	412	–	–	412	(412)	–
Other transfers	–	17	(12)	5	(5)	–
Treasury shares movements	–	–	–	–	27	27
New share capital subscribed	–	–	–	–	1	1
Mark to market value movements on Jackson assets backing surplus and required capital, net of tax	–	(39)	–	(39)	–	(39)
Net increase in shareholders' equity	1,459	606	324	2,389	(310)	2,079
Shareholders' equity at 1 January 2013 ^{note (i)}	9,462	6,032	6,772	22,266	177	22,443
Shareholders' equity at 30 June 2013^{note (i)}	10,921	6,638	7,096	24,655	(133)	24,522

	Half year 2013 £m						
	Long-term business operations					Other operations note (i)	Group total
	Asia operations note (i)	US operations	UK insurance operations	Total long-term business operations			
Representing:							
Statutory IFRS basis shareholders' equity	2,759	3,598	3,033	9,390	235	9,625	
Additional retained profit (loss) on an EEV basis ^{note (iii)}	8,162	3,040	4,063	15,265	(368)	14,897	
EEV basis shareholders' equity	10,921	6,638	7,096	24,655	(133)	24,522	
Balance at 1 January 2013							
Representing:							
Statutory IFRS basis shareholders' equity	2,290	4,343	3,008	9,641	718	10,359	
Additional retained profit (loss) on an EEV basis ^{note (iii)}	7,172	1,689	3,764	12,625	(541)	12,084	
EEV basis shareholders' equity	9,462	6,032	6,772	22,266	177	22,443	

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 period and amounts accrued in respect of statutory transfers. For long-term business operations, the difference between the net amount of £573 million for intra-group dividends (including statutory transfers) and investment in operations shown above and the net cash flows to parent company of £745 million (as shown in note 8) primarily relates to timing differences arising on statutory transfers, intra-group loans, and other non-cash items.
- (iii) 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 £(360) million (half year 2012: charge of £(293) million; full year 2012: charge of £(536) million), as shown in note 9.
- (iv) The credit for the shareholders' share of actuarial and other gains and losses on defined benefit schemes comprises:

	2013 £m	2012* £m	
	Half year	Half year	Full year
IFRS basis	(21)	65	34
Additional shareholders' interest ^{note 1(c)(vi)}	(5)	12	10
EEV basis total	(26)	77	44

* As adjusted from 2012 results previously published for the adoption of revised IAS19 - see note 1.

- (v) 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).