

Registered No. 4167734

PRUDENTIAL AUSTRALIA ONE LIMITED

Annual Report and Accounts

For the year ended 31 December 2013



PRUDENTIAL AUSTRALIA ONE LIMITED

Incorporated and registered in England and Wales. Registered no. 4167734.

Registered office: Laurence Pountney Hill, London EC4R 0HH.

Annual report and accounts for the year ended 31 December 2013

CONTENTS	Page
Directors	1
Directors' report	2-3
Strategic report	4-5
Profit and loss account	6
Statement of total recognised gains and losses	6
Reconciliation of movement in shareholders' funds	6
Balance sheet	7
Notes to the accounts	8-12
Statement of directors' responsibilities	13
Independent auditor's report	14

PRUDENTIAL AUSTRALIA ONE LIMITED

Directors

D C Martin
M G Morbey

Secretary

Prudential Group Secretarial Services Limited

Auditor

KPMG Audit Plc

PRUDENTIAL AUSTRALIA ONE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Incorporated and registered in England and Wales. Registered no. 4167734.

Principal activity

The principal activity of the Company up to 23 October 2013 was to act as an investment holding company and since that date to act as a finance company. This activity is expected to continue in 2014.

Accounts

The state of affairs of the Company at 31 December 2013 is shown in the balance sheet on page 7. The profit and loss account appears on page 6.

Post balance sheet events

There have been no significant events affecting the Company since the balance sheet date.

Directors

The present directors of the Company are shown on page 1. There were no changes during the year.

Directors' and officers' protection

Prudential plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred as a result of their office.

Payment policy

The Company does not have any trade creditors and therefore codes or standards on payment practice and disclosure of trade creditor days are not applicable.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and that each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

PRUDENTIAL AUSTRALIA ONE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Auditor

KPMG Audit Plc has advised that it has instigated an orderly wind down of business and that it will not be seeking reappointment. KPMG LLP will be appointed as auditor of the Company in accordance with Section 485 of the Companies Act 2006.

Signed on behalf of the Board of directors.

A handwritten signature in black ink, appearing to be 'Stefan Bort', written in a cursive style.

Stefan Bort
On behalf of
Prudential Group Secretarial Services Limited
Secretary

15 July 2014

PRUDENTIAL AUSTRALIA ONE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Strategic objectives

The Company is a finance company within the Prudential Group Head Office business unit.

The head office business unit's strategic objectives are to support the operations of the Prudential Group.

Company performance

The main events that took place in 2013 are set out below.

On 23 May 2013, the Company received a dividend of £71,753,000 from Prudential Luxembourg Sarl ("Pru Lux").

On 2 July 2013, Prudential Corporation Limited repaid a loan of £45,000,000 granted to it by the Company, together with accrued interest.

On 9 August 2013, the Company granted a loan of £128,000,000 to Prudential plc ("PLC"). On 19 December 2013, PLC repaid this loan, together with accrued interest.

On 23 October 2013, the Company sold all its shares in Pru Lux to PLC for £1,049,182,000 and realised a profit on sale of £62,095,000. The consideration took the form of PLC assuming the Company's obligation to Prudential Six LP ("Pru 6") of £914,757,000, together with accrued interest, with the balance settled in cash.

On the same day, the Company sold all its shares in Prudential (Gibraltar) Limited to Prudential Group Holdings Limited ("PGHL") for £1,021,000,000. No profit or loss arose on sale. The consideration took the form of interest free intercompany indebtedness due from PGHL. On 19 December 2013, PGHL repaid £78,000,000 of this balance.

On 20 December 2013, the Company repaid a loan of £275,000,000 granted to it by Prudential Capital Luxembourg Sarl together with accrued interest.

During the year, the Company recorded a gain on foreign currency exchange translation of £120,378,000 (2012: gain of £25,181,000) in respect of its Australian dollar denominated preference share capital and arrears of preference share dividends.

Also during the year, the Company incurred interest of £57,298,000 (2012: £70,894,000) on loans granted to it by Pru 6.

No ordinary dividend is proposed for the year (2012: £nil). Interest of £35,353,000 (2012: £41,802,000) accrued on the preference shares for the year.

PRUDENTIAL AUSTRALIA ONE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (continued)

Principal risks and uncertainties

Apart from the financial risk management objectives, policies and exposure set out below, the Company has no risks or uncertainties because it is a wholly owned finance subsidiary within the Prudential Group. For the same reason, there are no key performance indicators.

Financial risk management objectives, policies and exposure

The Company's financial risks primarily relate to Prudential Group activities which are managed and monitored at a Group level. The directors consider that there is a minimal level of risk associated with the Company's assets, liabilities and financial risks due to the current financial strength of the Group.



M G Morbey
Director

15 July 2014

PRUDENTIAL AUSTRALIA ONE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
Income from shares in Group undertaking	3	71,753	-
Gain on foreign currency exchange translation	5,6	120,378	25,181
Gain on sale of shares in Group undertaking	3	62,095	-
Partnership return	3	-	4,081
Interest receivable from Group undertakings	4	821	334
Interest payable to Group undertakings	5,6	(109,406)	(116,336)
Profit (loss) on ordinary activities before tax		145,641	(86,740)
Tax credit on profit/loss on ordinary activities	2	2,126	32,195
Profit (loss) for the financial year		147,767	(54,545)

All of the above items relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
Profit (loss) for the financial year (as above)		147,767	(54,545)
Waiver of preference dividend liability	5	-	90,504
Total recognised gains for the financial year	8	147,767	35,959

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2013**


	2013 £000	2012 £000
Total recognised gains for the financial year (as above)	147,767	35,959
Shareholders' funds at beginning of year	100,825	64,866
Shareholders' funds at end of year	248,592	100,825

The notes on pages 8 to 12 form part of these financial statements.

PRUDENTIAL AUSTRALIA ONE LIMITED**BALANCE SHEET AT 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
FIXED ASSETS			
Investments			
Shares in Group undertakings	3	-	2,008,087
CURRENT ASSETS			
Amounts owed by Group undertakings	4	943,000	60,832
Tax recoverable		731	6,399
Cash at bank and in hand		143	4,250
		<u>943,874</u>	<u>71,481</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(106,060)	(367,284)
NET CURRENT ASSETS (LIABILITIES)		<u>837,814</u>	<u>(295,803)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>837,814</u>	<u>1,712,284</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	6	(589,222)	(1,611,459)
NET ASSETS		<u>248,592</u>	<u>100,825</u>
CAPITAL AND RESERVES			
Called up share capital	7	373,550	373,550
Profit and loss account	8	(124,958)	(272,725)
		<u>248,592</u>	<u>100,825</u>

The accounts on pages 6 to 12 were approved by the Board of directors on 15 July 2014 and signed on its behalf by



M G Morbey
Director

The notes on pages 8 to 12 form part of these financial statements.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

- (a) The accounts have been prepared on a going concern basis under the historical cost basis of accounting and in accordance with accounting standards applicable in the United Kingdom. As the Company is a wholly owned subsidiary undertaking of another company registered in England and Wales, consolidated accounts have not been prepared, as permitted by Section 400 of the Companies Act 2006. Accordingly, the accounts present information about the Company as an individual undertaking.
- (b) The Company has taken advantage of the exemption under FRS 1 (Revised) from preparing a cash flow statement, as it is a wholly owned subsidiary of its parent undertaking.
- (c) Partnership return and interest receivable, including preference dividends, are recognised on an accruals basis. Dividends on ordinary shares are recognised in the period in which they are received or paid.
- (d) Tax is charged on all taxable profits arising in the accounting period. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.
- (e) Shares in Group undertakings are stated at cost, less impairment charges.
- (f) Foreign currency revenue transactions are translated at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rate applicable at the balance sheet date with gains or losses arising taken to the profit and loss account.

2. Tax

(a) Analysis of tax credit for the year

	2013 £000	2012 £000
Current tax		
UK corporation tax on result for the year	2,590	13,689
Adjustments in respect of previous years	(464)	2,149
Total current tax credit	2,126	15,838
Deferred tax		
Origination and reversal of timing differences	-	17,388
Adjustments in respect of previous years	-	(1,031)
Total deferred tax credit	-	16,357
Tax credit on profit/loss on ordinary activities	2,126	32,195

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

2. Tax (continued)

(b) Factors affecting tax credit

The tax credit assessed in the year is different from the application of the standard rate of corporation tax in the UK, and the differences are explained below. The standard rate of tax has been determined by using the UK rate of corporation tax enacted for the period for which the result of the Company will be taxed.

	2013 £000	2012 £000
Profit (loss) on ordinary activities before tax	145,641	(86,740)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(33,861)	21,251
Effects of:		
Partnership return	-	(577)
Non-taxable foreign currency exchange movement	27,988	6,169
Gain on sale of investment	14,437	-
Controlled Foreign Company apportionment	(14,437)	(17,585)
Utilisation of losses brought forward	-	14,673
Preference dividend	(8,220)	(10,242)
Dividend receivable	16,683	-
Adjustments in respect of previous years	(464)	2,149
Current tax credit for the year	2,126	15,838

(c) Provision for deferred tax

	2013 £000	2012 £000
Reconciliation of provision for deferred tax		
Deferred tax provision at beginning of year	-	(16,357)
Deferred tax credited to the profit and loss account	-	16,357
Deferred tax provision at end of year	-	-

(d) Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% from 1 April 2015 were substantively enacted on 2 July 2013. Accordingly, the effects of these changes are reflected in the financial statements. Aside from this, the only factors expected to affect the future tax charges of the Company are those detailed in (b) above.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

3. Shares in Group undertakings

Details of the Company's shares in Group undertakings at 31 December 2013 and 31 December 2012 are set out below:

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>Percentage held</u>
Prudential (Gibraltar) Limited	Finance company	Gibraltar	Class A redeemable preference shares of £1 each	0% (2012: 100%)
Prudential Luxembourg Sarl	Investment company	Luxembourg	Class A ordinary shares of £1 each	0% (2012: 9.45%)

On 23 May 2013, the Company received a dividend of £71,753,000 from Prudential Luxembourg Sarl ("Pru Lux").

On 23 October 2013, the Company sold all its shares in Pru Lux to Prudential plc ("PLC") for £1,049,182,000 and realised a profit on sale of £62,095,000. The consideration took the form of PLC assuming the Company's obligation to Prudential Six LP ("Pru 6") of £914,757,000 (see note 6), together with accrued interest, with the balance settled in cash.

On the same day, the Company sold all its shares in Prudential (Gibraltar) Limited to Prudential Group Holdings Limited ("PGHL") for £1,021,000,000. No profit or loss arose on disposal. The consideration for the sale took the form of intercompany indebtedness due from PGHL.

During 2012, the Company earned partnership return of £4,081,000 in respect of its interest in Pru 6. This interest was converted into shares in Pru Lux in 2012.

4. Amounts owed by Group undertakings

	<u>2013 £000</u>	<u>2012 £000</u>
Loans to Group undertakings	943,000	60,811
Interest receivable	-	21
	<u>943,000</u>	<u>60,832</u>

On 2 July 2013, Prudential Corporation Limited repaid a loan of £45,000,000 granted to it by the Company, together with accrued interest. Interest was receivable at a rate of 12 month GBP LIBOR and interest earned on this loan in the year was £226,000 (2012: £14,000).

On 9 August 2013, the Company granted a loan of £128,000,000 to Prudential plc ("PLC"). On 19 December 2013, PLC repaid this loan, together with accrued interest. Interest was receivable at a rate of 12 month GBP LIBOR, and interest earned on this loan in the year was £403,000.

On 23 October 2013, the Company sold all its shares in Prudential (Gibraltar) Limited to Prudential Group Holdings Limited ("PGHL") for £1,021,000,000 (see note 3). The consideration took the form of interest free intercompany indebtedness due from PGHL. On 19 December 2013, PGHL repaid £78,000,000 of this balance.

On 17 December 2013, PLC repaid loans totalling £15,811,000 granted to it by the Company, together with accrued interest. Interest was receivable at a rate of 12 month GBP plus 25 basis points, and interest earned on these loans in the year was £192,000 (2012: £320,000).

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

5. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Loan from Group undertaking	-	275,000
Interest payable	106,060	92,284
	<u>106,060</u>	<u>367,284</u>

On 20 December 2013, the Company repaid a loan of £275,000,000 granted to it by Prudential Capital Luxembourg Sarl ("Pru Cap Lux"), together with accrued interest. Interest was payable at a rate of 6.3% per annum and interest payable in the year was £16,755,000 (2012: £522,000).

During 2012, the Company also paid interest of £3,118,000 on a loan granted to it by Prudential Group Holdings Limited ("PGHL").

Interest payable at the year end consists of arrears of preference share dividends of £106,060,000 (2012: £83,604,000). The increase of £22,456,000 (2012: decrease of £50,995,000) comprises a charge for the year of £35,353,000 (2012: £41,802,000) (see note 6), and a gain on translation of £12,898,000 (2012: gain of £2,293,000) and for 2012 a waiver of arrears of £90,504,000 by PGHL.

Interest payable at 31 December 2012 also included accrued interest on the loans from Prudential Six LP (see note 6) of £8,158,000 and Pru Cap Lux of £522,000.

6. Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
6% cumulative preference share capital	589,222	696,702
Loans from Group undertaking	-	914,757
Total	<u>589,222</u>	<u>1,611,459</u>

The issued preference share capital at both 31 December 2013 and 31 December 2012 was 1,090,827,194 preference shares of A\$1 each. These amounts have been translated into Sterling at the rates ruling at those dates of A\$1.8513 and A\$1.5657 to the pound respectively, resulting in a gain on translation of £107,480,000 (2012: gain of £22,888,000).

On 23 October 2013, the Company sold all its shares in Prudential Luxembourg Sarl to Prudential plc ("PLC") (see note 3). Part of the consideration took the form of PLC assuming the Company's loan obligation to Prudential Six LP of £914,757,000, together with accrued interest. Interest was payable at a rate of 7.75% per annum and interest paid on these loans was £57,298,000 (2012: £70,894,000) in the year.

The preference shares carry the right to receive a cumulative preferential dividend at a rate of 6% per annum, payable as an interim dividend on 31 March following the financial year to which the dividend relates or on such other date as the directors of the Company shall in their absolute discretion determine. The dividend accrued in the year was £35,353,000 (2012: £41,802,000). The preference shares are not redeemable, carry no voting rights except on a winding-up of the Company or on the variation of the rights attaching to the preference shares but carry preferential rights in priority to other shareholders to payment on a return of assets in the event of the winding-up of the Company.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

7. Called up share capital

	2013 £000	2012 £000
Issued and fully paid 373,550,379 ordinary shares of £1 each	373,550	373,550

8. Profit and loss account

	2013 £000	2012 £000
Balance at beginning of year	(272,725)	(308,684)
Total recognised gains for the financial year	147,767	35,959
Balance at end of year	(124,958)	(272,725)

9. Auditor's remuneration

Auditor's remuneration of £2,500 (2012: £2,500) was borne by the ultimate parent company, Prudential plc. Amounts receivable by the Company's auditor in respect of services rendered to the Prudential Group other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a Group basis in the consolidated financial statements of Prudential plc.

10. Directors' emoluments

The aggregate emoluments, including pension contributions, of the directors of the Company for the year in respect of services rendered to the Company were £nil (2012: £nil).

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the Prudential Group.

12. Immediate and ultimate parent company

The Company's immediate parent company is Prudential Group Holdings Limited. The ultimate parent company is Prudential plc, which is the only parent company that prepares consolidated accounts. Copies of these accounts can be obtained from the Company Secretary at Laurence Pountney Hill, London EC4R 0HH.

PRUDENTIAL AUSTRALIA ONE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL AUSTRALIA ONE LIMITED

We have audited the financial statements of Prudential Australia One Limited for the year ended 31 December 2013 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

M Wilson 18/7/14

Mostyn Wilson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL