

Registered No. SC210546

PRUDENTIAL HOLDINGS LIMITED

Annual Report and Accounts

For the year ended 31 December 2014

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PRUDENTIAL HOLDINGS LIMITED

Incorporated and registered in Scotland. Registered no: SC210546.

Registered office: Craigforth, Stirling, FK9 4UE, Scotland.

Annual report and accounts for the year ended 31 December 2014

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PRUDENTIAL HOLDINGS LIMITED

Directors

K J Devlin
P J James
D C Martin

Secretary

Prudential Group Secretarial Services Limited

Auditor

KPMG LLP

PRUDENTIAL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Incorporated and registered in Scotland. Registered no. SC210546.

Principal activities and business review

The principal activities of the Company are to act as the parent company of Prudential Corporation Holdings Limited, the holding company of most of the Prudential Group's Asian business operations, and to provide management of, and supporting services to, those operations. These activities are expected to continue in 2015.

Accounts and dividend

The state of affairs of the Company at 31 December 2014 is shown in the balance sheet on page 6. The profit and loss account appears on page 5. No dividend was paid in 2014 (2013: £330 million).

Post balance sheet events

In April 2015, the Company paid US\$200 million to Standard Chartered Bank under the agreement that commenced in 2014.

Directors

The present directors of the Company are shown on page 1. There were no changes in the year. D C Martin was appointed a director of the Company on 24 June 2015. P-O M Bouée resigned as a director of the Company on 31 May 2015.

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. Prudential plc also provides protection for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of Prudential plc, including, where applicable, in their capacity as directors of the Company and other companies within the Group. These indemnities were in force during 2014 and remain in force.

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.

PRUDENTIAL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (continued)

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 each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself 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.

Auditor

In accordance with Section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to be re-appointed as auditor of the Company for the current financial year.

Signed on behalf of the Board of directors.



Matthew Buckland
On behalf of
Prudential Group Secretarial Services Limited
Secretary

7 August 2015

PRUDENTIAL HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Strategic objectives

The strategic objectives of the Company are to provide management of, and supporting services to, the Prudential Group's Asian business operations.

Company performance

The Company recorded a loss before tax for the year of £59,681,000 (2013: a profit before tax of £278,479,000).

The loss mainly comprised £137,825,000 of administrative expenses (net of recharges to Group companies) and a foreign exchange loss of £20,821,000 offset by a dividend of £100,000,000 received from Prudential Corporation Holdings Limited.

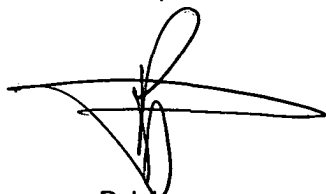
In 2014, the Company entered into an agreement to expand the term and geographic scope of its strategic pan-Asian bancassurance partnership with Standard Chartered Bank. As part of this transaction, the Company agreed to pay Standard Chartered Bank an initial fee of US\$1.25 billion for distribution rights, which is not dependent on future sales volumes. Of this total, US\$850 million was settled in 2014, with the remainder payable in two equal instalments of US\$200 million each in April 2015 and April 2016.

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 of its activities 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.



P J James
Director

7 August 2015

PRUDENTIAL HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
Turnover	2	31,848	25,750
Administrative expenses			
Staff costs	3	(94,331)	(91,230)
Depreciation	5,9	(2,707)	(3,544)
Other operating charges		(72,635)	(53,963)
Loss on foreign currency exchange translation		(20,821)	(4,175)
Income from shares in subsidiary undertakings	7	100,000	406,890
Interest receivable and similar income	4	39	31
Interest payable and similar charges	4	(1,074)	(1,280)
(Loss) / profit on ordinary activities before tax	5	(59,681)	278,479
Tax credit on profit on ordinary activities	6	23,640	17,568
(Loss) / profit on ordinary activities after tax	13	(36,041)	296,047

All of the above items relate to continuing operations. The Company has no recognised gains or losses other than the result for the year disclosed above.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014**

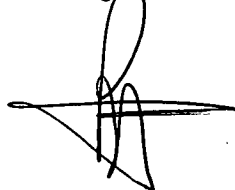
	Note	2014 £000	2013 £000
(Loss) / profit on ordinary activities after tax (as above)		(36,041)	296,047
Dividend	13	-	(330,000)
Movement in shareholders' funds		(36,041)	(33,953)
Shareholders' funds at beginning of year		811,359	845,312
Shareholders' funds at end of year		775,318	811,359

The notes on pages 7 to 16 form part of these financial statements.

PRUDENTIAL HOLDINGS LIMITED**BALANCE SHEET AT 31 DECEMBER 2014**

	Notes	2014 £000	2013 £000
FIXED ASSETS			
Investments			
Shares in subsidiary undertakings	7	807,073	807,073
Intangible assets	8	883,323	90,599
Tangible assets	9	3,250	4,783
		<u>1,693,646</u>	<u>902,455</u>
CURRENT ASSETS			
Investment in employee benefit trust		67,087	36,935
Debtors	10	52,264	35,601
Cash at bank and in hand		59,293	33,716
		<u>178,644</u>	<u>106,252</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(971,786)	(197,348)
NET CURRENT LIABILITIES		<u>(793,142)</u>	<u>(91,096)</u>
NON-CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	11	(125,186)	-
NET ASSETS		<u>775,318</u>	<u>811,359</u>
CAPITAL AND RESERVES			
Called up share capital	12	622,789	622,789
Share premium account		172,955	172,955
Profit and loss account	13	(20,426)	15,615
		<u>775,318</u>	<u>811,359</u>

The accounts on pages 5 to 16 were approved by the Board of directors on 7 August 2015 and signed on its behalf by:



P J James
Director

The notes on pages 7 to 16 form part of these financial statements.

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

- a) The accounts have been prepared 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 a company registered in England and Wales, Group 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 FRS1 (Revised) from preparing a cash flow statement, as it is a wholly owned subsidiary of its parent undertaking.
- c) 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.
- d) Foreign currency revenue transactions are translated at the Standard Chartered Bank Foreign Exchange rate posted every Friday. Foreign currency monetary assets and monetary liabilities are translated at rates of exchange ruling at the end of the year. Exchange differences are taken to the profit and loss account.
- e) Intangible assets relate to fees for partnership distribution rights of Prudential Group insurance products for a fixed period of time. The cost of the distribution rights are amortised over the term of the distribution contracts.
- f) Shares in Group undertakings are shown at cost less impairment charges. The impairment charge is measured as the difference between cost and the fair value of the operations, which generally is considered to be net asset value for non-insurance entities.
- g) Depreciation is provided at a rate calculated to write off the cost or value of the assets less their estimated residual value over their estimated useful life as follows:
 - i. Computer equipment 33.33% per annum
 - ii. Other fixed assets 20% to 33.33% per annum
- h) Share-based payments

Share options and awards of Prudential plc's equity instruments, for which the Company has the obligation to settle, are valued using the share price at the balance sheet date and are accounted as cash settled, whereby the Company records a compensation expense in the profit and loss account with a liability recognised in the balance sheet for the fair value of the accrued amount at the balance sheet date.

The Company has established trusts to facilitate the delivery of shares under certain employee incentive plans. Payments made by the Company to the trusts in relation to these cash-settled share-based payment transactions are recorded at cost within "Investment in employee benefit trust" and released against the related share-based payment liability when the shares purchased by the trust are received by employees.

- i) Notwithstanding net current liabilities, the directors have prepared the accounts on the going concern basis because the Company has received assurances from Group undertakings that they will not call for repayment of their loans if that would render the Company unable to pay its other liabilities.

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

2. Turnover

Turnover represents the value of services charged to Prudential Group companies.

3. Staff information

The Company has no employees (2013: none). The staff costs shown below represent amounts incurred in respect of staff who work on behalf of the Company.

	2014 £000	2013 £000
Wages and salaries	90,647	87,974
Other pension costs	3,684	3,256
	<u>94,331</u>	<u>91,230</u>
	Number	Number
Average number of staff working on behalf of the Company during the year	<u>433</u>	<u>387</u>

4. Interest receivable and interest payable

	2014 £000	2013 £000
<u>Interest receivable and similar income</u>		
Interest income on intragroup loans	7	7
Bank interest	32	24
	<u>39</u>	<u>31</u>
<u>Interest payable and similar charges</u>		
Interest charge on intragroup loans	<u>(1,074)</u>	<u>(1,280)</u>

5. (Loss) / profit on ordinary activities before tax

The loss / profit on ordinary activities before tax is stated after (charging) crediting:

	2014 £000	2013 £000
Depreciation (note 9)	(2,707)	(3,544)
Amortisation of intangible assets (note 8)	(9,229)	(4,305)
Profit / (loss) on sale of fixed assets	60	(7)
Operating lease rentals	<u>(6,139)</u>	<u>(5,910)</u>

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

6. Tax

(a) Analysis of tax credit for the year

	2014 £000	2013 £000
Current tax		
UK corporation tax credit on result for the year	24,116	17,871
Adjustments in respect of previous years	(790)	(86)
Total current tax credit	23,326	17,785
Deferred tax		
Origination and reversal of timing differences	304	496
Adjustments in respect of previous years	10	(713)
Total deferred tax credit / (charge)	314	(217)
Tax credit on profit on ordinary activities	23,640	17,568

(b) Factors affecting the tax credit for the year

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.

	2014 £000	2013 £000
(Loss) / profit on ordinary activities before tax	(59,681)	278,479
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	12,831	(64,746)
Effects of:		
UK dividends received	21,500	94,602
Permanent differences	(9,887)	(11,272)
Short-term timing differences	(108)	(307)
Depreciation in excess of capital allowances	(220)	(406)
Adjustments in respect of previous years	(790)	(86)
Current tax credit for the year	23,326	17,785

PRUDENTIAL HOLDINGS LIMITED**NOTES ON THE ACCOUNTS (continued)****6. Tax (continued)****(c) Provision for deferred tax**

	2014 £000	2013 £000
Deferred tax asset at beginning of year	1,411	1,628
Deferred tax credited / (charged) to profit and loss account	314	(217)
Deferred tax asset at end of year (note 10)	1,725	1,411

The deferred tax asset at the end of the year relates to capital allowances in respect of fixed assets and other timing differences.

(d) Factors that may affect future tax charges

The rate of corporation tax in the UK reduced to 20% with effect from 1 April 2015. Furthermore, in July 2015 the UK Government announced additional reductions in the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. These additional reductions are not reflected in the above figures as the changes were not substantively enacted at the balance sheet date.

Aside from this, the only factors that are expected to affect the future tax charges of the Company are those detailed in (b) above.

7. Shares in subsidiary undertakings

	2014 £000	2013 £000
At 1 January	807,073	807,073
Additional investment in direct subsidiary undertakings	-	-
At 31 December	807,073	807,073

The direct subsidiary undertakings of the Company at 31 December 2014 were as follows:

Name	Classes of Shares held	Proportion held	Country of incorporation or place of registration
Eastspring Investments Incorporated		100%	USA
Eastspring Investments (Luxembourg) S.A		100%	Luxembourg
PCA Reinsurance Co. Ltd		100%	Malaysia
Prudential Corporation Holdings Limited ("PCHL")	Ordinary Shares £1	100%	Great Britain

During 2014, the Company received a dividend of £100,000,000 (2013: £406,890,000) from PCHL. No impairment charge was required in respect of shares in subsidiary undertakings as their underlying net asset value after the dividend still exceeded book value.

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

7. Shares in subsidiary undertakings (continued)

Other subsidiaries, associated undertakings, significant holdings and joint ventures of the Company at 31 December 2014, where no shares were held directly by the Company, were as follows:

Name	Classes of Shares held	Proportion held by subsidiary undertaking	Country of incorporation or place of registration
Asia Altitude Fund	Management Shares USD1 Class A Participating Shares US\$0.001	100% 66.66%	Cayman Islands
Asia Altitude Master Fund	Management Shares USD\$1 Class A Participating Shares US\$0.001 Class Z Participating Shares US\$0.001	100% 100% 100%	Cayman Islands
BOCI – Prudential Asset Management Limited	Ordinary Shares HKD \$1m	36%	Hong Kong
BOCI – Prudential Trustee Limited	Ordinary Shares HKD \$1m	36%	Hong Kong
CITIC – Prudential Fund Management Company Limited		49%	China
CITIC Prudential Life Insurance Company Limited		50%	China
CITIC-CP Asset Management Co. Ltd		55%	China
Eastspring Al-Wara Investments Berhad	Ordinary Shares RM 1	100%	Malaysia
Eastspring ASEAN Mezzanine Debt Fund L.P		100%	Cayman Islands
Eastspring Asset Management Korea Co. Ltd		100%	Korea
Eastspring Investments		74.25%	Luxembourg
Eastspring Investments (Hong Kong) Limited	Ordinary Shares HK\$10	100%	Hong Kong
Eastspring Investments (Singapore) Limited	Ordinary Shares S \$1	100%	Singapore
Eastspring Investments Berhad	Ordinary Shares RM\$1 Preference Shares RM\$1	100%	Malaysia
Eastspring Investments Fund Management Limited Liability Company	Ownership interest USD \$1	100%	Vietnam
Eastspring Investments India Consumer Equity Open Limited	Ordinary Shares USD \$10	100%	Mauritius
Eastspring Investments India Equity Open Limited	Ordinary Shares USD \$10	100%	Mauritius

Name	Classes of Shares held	Proportion held by subsidiary undertaking	Country of incorporation or place of registration
Eastspring Investments India Infrastructure Equity Open Limited	Redeemable Preference Shares Ordinary Shares USD \$10	100%	Mauritius
Eastspring Investments Limited	Ordinary Shares JPY 1M	100%	Japan
Eastspring Investments Limited	Ordinary Shares US\$1	100%	Dubai
Eastspring Investments Portfolio Management Limited	Ordinary Shares USD \$1 Participating RPS \$10	100%	Mauritius
Eastspring Investments Services Pte. Ltd.	Ordinary Shares S \$1	100%	Singapore
Eastspring Investments SICAV - FIS	Class E Shares USD \$10	69.93%	Luxembourg
Eastspring Securities Investment Trust Company Limited	Ordinary Shares NT\$10.00	99.54%	Taiwan
ICICI Prudential Asset Management Company Limited	Ordinary Shares RP10	49%	India
ICICI Prudential Life Insurance Company Limited	Ordinary Shares RP10	25.93%	India
ICICI Prudential Pension Funds Management Company Ltd	Ordinary Shares RP10	100%	India
ICICI Prudential Trust Limited	Ordinary Shares RP10	49%	India
India Opportunity Real Estate Fund	Ordinary Shares USD \$1	100%	Mauritius
North American Private Equity Opportunities Fund III	Participating Share (Non Voting)	100%	Cayman Islands
North Sathorn Holdings Company Limited	A Ordinary Shares Baht 10	100%	Thailand
Nova Sepadu Sdn Bhd	Preference Shares Rm 0.01 Ordinary Shares Rm 1	96%	Malaysia
PCA International Funds SPC (in liquidation)	Management Shares USD \$1	100%	Cayman Islands
PCA IP Services Limited	Ordinary Shares HK\$1	100%	Hong Kong
PCA Life Assurance Company Limited	Ordinary Shares NT\$10	99.79%	Taiwan
PCA Life Insurance Company Limited	Ordinary Shares JPY 50,000	100%	Japan
PCA Life Insurance Company Limited	Ordinary Shares KW 10,000	100%	Korea
Pru Life Insurance Corporation of UK	Ordinary Shares PHP 100	100%	Philippines
Prudence Foundation Limited	Limited by guarantee (without shares) HK\$100	100%	Hong Kong
Prudential (Cambodia) Life Assurance Plc	Ordinary Shares US\$1	100%	Cambodia
Prudential Assurance Company Singapore (Pte) Limited	Ordinary Shares S \$1	100%	Singapore
Prudential Assurance Malaysia Berhad	Ordinary Shares RM1	100%	Malaysia
Prudential BSN Takaful Bhd	Ordinary Shares RM1	49%	Malaysia

Name	Classes of Shares held	Proportion held by subsidiary undertaking	Country of incorporation or place of registration
Prudential Life Assurance (Thailand) Public Company Limited	Ordinary Shares Baht 10	99.93%	Thailand
Prudential Mauritius Holdings Limited	Ordinary Shares USD \$1	100%	Mauritius
Prudential Process Management Services India Private Limited	Ordinary Shares Rupees 10	99.97% 100%	India
	Preference Shares Rupees 10		
Prudential Services Asia Sdn Bhd	Ordinary Shares 1 Ringgit	100%	Malaysia
	Class A Redeemable Prf Shares 10 Ringgit	100%	
	Class B Redeemable Prf Shares USD \$10	100%	
Prudential Services Singapore Pte Limited	Ordinary Shares S \$1	100%	Singapore
Prudential Singapore Holdings Pte Limited	Ordinary Shares S \$1	100%	Singapore
Prudential Vietnam Assurance Private Limited	Ownership interest USD \$1	100%	Vietnam
PT Prudential Life Assurance	Ordinary Shares Indonesian Rp1,000,000	94.62%	Indonesia
PT. Eastspring Investments Indonesia	Ordinary A Shares IRP1m	100%	Indonesia
	Ordinary B Shares IRP1m	100%	
Scotts Spazio Pte. Ltd		45%	Singapore
Sri Han Suria Sdn Bhd	Ordinary Shares RM 1	51%	Malaysia
	A Redeemable Preference Shares RM 0.01	100%	
	B Redeemable Preference Shares RM 0.01	100%	
Staple Limited	Ordinary Shares Baht100	100%	Thailand
	12% Cumulative Preference Shares Baht100	99.99%	
Thanachart Life Assurance Public Company Limited	Ordinary Shares Baht 10	100%	Thailand

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

8. Intangible assets

	2014 £000	2013 £000
At 1 January	90,599	94,904
Additions	801,953	-
Amortisation in year	(9,229)	(4,305)
At 31 December	883,323	90,599

Intangible assets relate to fees paid for partnership distribution rights in Asia of Prudential Group insurance products.

In 2014, the Company entered into an agreement to expand the term and geographic scope of its strategic pan-Asian bancassurance partnership with Standard Chartered Bank. As part of this transaction, the Company agreed to pay Standard Chartered Bank an initial fee of US\$1.25 billion for distribution rights.

9. Tangible assets

	Computer equipment £000	Other £000	Total £000
Cost			
At 1 January 2014	12,761	7,356	20,117
Additions	396	827	1,223
Disposals	-	(463)	(463)
At 31 December 2014	13,157	7,720	20,877
Depreciation			
At 1 January 2014	(9,145)	(6,189)	(15,334)
Charged in year	(2,087)	(620)	(2,707)
Eliminated on disposal	-	414	414
At 31 December 2014	(11,232)	(6,395)	(17,627)
Net book value			
At 31 December 2014	1,925	1,325	3,250
At 31 December 2013	3,616	1,167	4,783

10. Debtors

	2014 £000	2013 £000
Amounts owed by Group undertakings	21,837	16,728
Prepayments and accrued income	9,452	5,085
Tax recoverable	12,576	8,904
Deferred tax asset (note 6(c))	1,725	1,411
Other debtors	6,674	3,473
	52,264	35,601

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

11. Creditors

	2014 £000	2013 £000
Amounts owed to ultimate parent company	626,939	69,869
Amounts owed to other Group undertakings	62,655	60,403
Share-based payment liability	37,288	37,815
Accruals and deferred income	244,904	29,261
	<u>971,786</u>	<u>197,348</u>

The increase in amounts owed to ultimate parent company is mainly due to a loan to enable the Company to settle US\$850 million of the initial fee paid to Standard Chartered Bank (note 8). Accruals and deferred income include an instalment of US\$200 million that was paid in April 2015 and amounts falling due after more than one year relate to the instalment of US\$200 million due in April 2016.

12. Called up share capital

	2014 £000	2013 £000
Issued and fully paid 622,789,335 ordinary shares of £1 each	<u>622,789</u>	<u>622,789</u>

13. Profit and loss account

	2014 £000	2013 £000
Balance at beginning of year	15,615	49,568
(Loss) / profit on ordinary activities after tax	(36,041)	296,047
Dividend	-	(330,000)
Balance at end of year	<u>(20,426)</u>	<u>15,615</u>

14. Auditor's remuneration

Auditor's remuneration of £8,000 (2013: £8,000) 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.

15. 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 (2013: £nil).

PRUDENTIAL HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

16. **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.

17. **Immediate and ultimate parent company**

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

18. **Post balance sheet events**

In April 2015, the Company paid US\$200 million to Standard Chartered Bank under the agreement that commenced in 2014.

PRUDENTIAL HOLDINGS 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 HOLDINGS LIMITED

We have audited the financial statements of Prudential Holdings Limited for the year ended 31 December 2014 set out on pages 5 to 16. 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 the auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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/auditscopeprivate.

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 2014 and of its loss 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

7/8/15

Mostyn Wilson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
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Canary Wharf
London E14 5GL