

Registered No. 4167734

PRUDENTIAL AUSTRALIA ONE LIMITED

**Report and Accounts for the period from
1 January to 28 June 2004**



PRUDENTIAL AUSTRALIA ONE LIMITED

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

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

Report and Accounts for the period 1 January to 28 June 2004

CONTENTS	Page
Director	1
Director's report	2-3
Profit and loss account	4
Reconciliation of movement in shareholders' funds	4
Balance sheet	5
Notes to the accounts	6-11
Statement of director's responsibilities	12
Independent auditor's report	13

PRUDENTIAL AUSTRALIA ONE LIMITED

Director

A M Crossley

Secretary

Prudential Group Secretarial Services Limited

Auditor

KPMG Audit Plc

PRUDENTIAL AUSTRALIA ONE LIMITED

DIRECTOR'S REPORT FOR THE PERIOD FROM 1 JANUARY TO 28 JUNE 2004

Principal activity and business review

The principal activity of the Company is to act as an investment holding company and this is expected to continue.

On 28 June 2004, the Company acquired from Prudential Holdings Australia LLP ("LLP") beneficial ownership of the entire ordinary share capital of Prudential Corporation Limited in consideration for a loan from LLP with a value of A\$1,090,827,194 (£411,741,665) which was subsequently assigned to Prudential Corporation Australasia Holdings Pty Limited ("PCAHPL"). On 25 June 2004, the Company acquired the entire issued share capital of Prudential (Gibraltar) Limited ("PGL"), consisting of £100, and on 28 June 2004, made a capital contribution to PGL of the entire issued share capital of PCAHPL with a value of £408,842,591. All of the above undertakings are part of the Prudential group.

On 28 June 2004, in order to hedge against foreign exchange fluctuations, the Company entered into loans with PGL whereby the Company made a loan of A\$1,155,415,594 to PGL at an annual interest rate of 6.5% and PGL made a loan of £436,121,086 at an annual interest rate of 6% to the Company.

Change of accounting reference date

On 28 June 2004, the Company changed its accounting reference date to 28 June and on 24 September 2004, the Company changed its accounting reference date to 24 September.

Post balance sheet events

On 24 September 2004, the Company entered into an agreement with Prudential Corporation Holdings Limited ("PCHL") to re-set the rate of interest on the loan of A\$1,090,867,194 from 8.1% to Australian Dollar LIBOR with effect from 28 June 2004. In addition, on the same date, the Company agreed to pay PCHL the interest accrued to 28 June of A\$68,796,318 (£25,967,733) and to prepay interest on the loan to 18 September 2005 of A\$71,068,404 (£28,270,180). The interest rate for the period from 28 June to 24 September 2004 was an annual rate of 5.46% and for the period from 25 September 2004 to 18 September 2005 was an annual rate of 5.52%. The interest paid on 24 September 2004 in respect of the period from 25 September 2004 to 18 September 2005 included a discount of 0.10% to recognise the prepayment of the interest.

On 24 September 2004, the Company received A\$1,182,554,938 (£470,406,515) in consideration for the repayment of the loan to PGL. On the same date the Company paid £447,690,123 in consideration for the repayment of the loan from PGL.

On 24 September 2004, PCHL assigned its loan to the Company of A\$1,090,867,194 (£433,934,203) to Park Avenue (Singapore Two) Limited ("PASTL") and on the same day PCAHPL assigned its loan to the Company of A\$1,090,827,194 (£433,918,292) to PASTL. Later on the same day, PASTL assigned both these loans to Prudential (Guernsey) Limited Partnership ("PGLP"). In addition, in order to hedge against foreign exchange fluctuations on the Company's loans from PGLP, the Company entered into agreements on 24 September 2004 with PGLP to purchase A\$1,090,867,193 from PGLP for £433,934,203 and to purchase A\$1,090,827,194 from PGLP for £433,918,292.

On 15 December 2004, the Company incorporated Prudential (Gibraltar Two) Limited ("PGTL") and subscribed for one share of US\$1 at par. On 15 and 22 December, the Company subscribed for a further 100 and 2,000 ordinary shares respectively of US\$1 each in PGTL for a consideration of US\$1 million (£516,529) and US\$20 million (£10,445,872) respectively.

PRUDENTIAL AUSTRALIA ONE LIMITED

DIRECTOR'S REPORT FOR THE PERIOD FROM 1 JANUARY TO 28 JUNE 2004 (continued)

Accounts and dividend

The state of affairs of the Company at 28 June 2004 is shown in the balance sheet on page 5. The profit and loss account appears on page 4. No ordinary dividend is proposed for the period (2003: £nil). No preference dividend is proposed for the period (2003: £nil) but the Company has appropriated a preference dividend of £12,149,754 (2003: £27,546,141) as explained on page 7.

Director

The present sole director of the Company is shown on page 1. There were no changes during the period.

Director's interests

- (i) The sole director in office at the end of the period had interests in ordinary shares of 5p each in Prudential plc as follows:

In conditional awards that have been made under the Prudential Restricted Share Plan, in which shares are held in trust and represent the maximum awards for which rights may be granted if the performance requirements of the Plan are met.

	<u>1.1.2004</u>	<u>28.6.2004</u>
A M Crossley	56,728	45,965

- (ii) Except as stated above, the sole director in office at the end of the period:
- (a) had no interest in shares in, or debentures of, any Group company either at the beginning of the period or at the end of the period; and
 - (b) was not granted or exercised any right to subscribe for shares in, or debentures of, any Group company during the period.

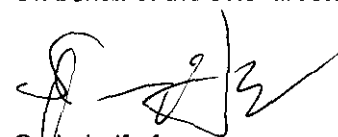
Creditor payment policy

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.

Auditor

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed by the Company dispensing with the need to appoint an auditor annually. Accordingly, KPMG Audit Plc will be deemed to be re-appointed as auditor of the Company for the current financial period.

On behalf of the sole director.



On behalf of
Prudential Group Secretarial Services Limited
Secretary
25 April 2005

PRUDENTIAL AUSTRALIA ONE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 28 JUNE 2004**

	Note	1 January to 28 June 2004 £000	Year ended 31 December 2003 £000
Income from shares in group undertaking		47	(69)
Interest receivable from group undertakings	5	17,839	32,514
Loss on foreign currency exchange translation		(1,691)	(737)
Interest payable	6,7	(16,518)	(36,473)
Loss on ordinary activities before tax		(323)	(4,765)
Tax credit on loss on ordinary activities	2	316	1,529
Loss on ordinary activities after tax		(7)	(3,236)
Dividends	3	(12,150)	(27,546)
Retained loss for the period	9	(12,157)	(30,782)

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

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE PERIOD FROM 1 JANUARY TO 28 JUNE 2004

	Note	1 January to 28 June 2004 £000	Year ended 31 December 2003 £000
Retained loss for the period (as above)		(12,157)	(30,782)
Preference share appropriation	9	12,150	27,546
Movement in shareholders' capital and reserves		(7)	(3,236)
Shareholders' funds at beginning of period		754,043	757,279
Shareholders' funds at end of period		754,036	754,043

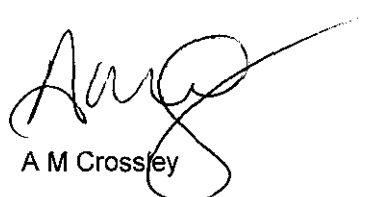
PRUDENTIAL AUSTRALIA ONE LIMITED

BALANCE SHEET AS AT 28 JUNE 2004

	Note	28 June 2004 £000	31 December 2003 £000
FIXED ASSETS			
Shares in group undertakings	4	820,584	455,870
CURRENT ASSETS			
Amounts owed by group undertakings	5	1,290,357	836,349
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(945,164)	(538,176)
NET CURRENT ASSETS		345,193	298,173
TOTAL ASSETS LESS CURRENT LIABILITIES		1,165,777	754,043
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	7	(411,741)	-
NET ASSETS		754,036	754,043
CAPITAL AND RESERVES			
Share capital	8	749,749	749,749
Retained profit	9	4,287	4,294
TOTAL SHAREHOLDERS' FUNDS INCLUDING NON-EQUITY INTERESTS		754,036	754,043

Shareholders' funds at 28 June 2004 comprise equity interests of £340,983,000 (2003: £350,298,000) and non-equity interests of £413,053,000 (2002: £403,745,000).

The accounts on pages 4 to 11 were approved by the director on 25 April 2005.



A M Crossley

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO 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 another company registered in England and Wales, group accounts are not prepared. 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) 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) Shares in group undertakings are shown at cost, less impairment charges.
- (e) Foreign currency revenue transactions are translated at the rate ruling at the date of the transaction. Monetary foreign currency assets and liabilities are retranslated at the rate applicable at the balance sheet date with gains or losses arising taken to the profit and loss account. Where foreign currency loans are held to hedge the Company's investment in foreign currency subsidiaries, the carrying value of such subsidiaries and loans are translated at period end exchange rate with exchange differences arising taken to reserves to the extent permissible in accordance with SSAP 20.
- (f) The Company has adopted the provisions of FRS 4, 'Capital instruments', which requires the amount of shareholders' funds attributable to equity and non-equity interests to be separately disclosed. Dividends for the period on the Company's cumulative preference shares have been appropriated through the profit and loss account. However, as the Company does not have sufficient distributable reserves in order to pay such preference share dividends, these dividends have been credited back within the profit and loss account reserves.

2. Tax on loss on ordinary activities

(a) Analysis of tax credit for the period

	1 January to 28 June 2004 £000	Year ended 31 December 2003 £000
UK Corporation tax credit on loss for the period	111	1,409
Adjustments in respect of prior periods	205	120
Tax credit on loss on ordinary activities	<u>316</u>	<u>1,529</u>

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

2. Tax on loss on ordinary activities (continued)

(b) Factors affecting tax credit for the period

Where the tax credit assessed in the period is different from the standard rate of Corporate Tax in the UK, 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 profits of the Company will be taxed.

	1 January to 28 June 2004 £000	Year ended 31 December 2003 £000
Loss on ordinary activities before tax	(323)	(4,765)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	97	1,430
Effects of:		
Adjustments in respect of prior periods	205	120
Non taxable income – UK source dividends	14	(21)
Tax credit for the period	316	1,529

(c) Factors that may affect future tax charges

There are no factors that are expected to affect the future tax charges of the Company.

3. Dividends

	1 January to 28 June 2004 £000	Year ended 31 December 2003 £000
<u>Appropriations:</u>		
On A\$ preference shares:		
Fixed dividends at 6%	12,150	27,546
Total	12,150	27,546

In accordance with the provisions of FRS 4, the Company has appropriated through the profit and loss account the preference share dividend for the period on the 6% cumulative preference shares. However, as the Company does not have sufficient distributable reserves to pay this dividend, the dividend has been credited back to retained profit.

The arrears of dividend amount to A\$97,637,975 (£36,854,254) at 28 June 2004 and, in the analysis of shareholders' funds shown on page 5, have been added to non-equity interests and deducted from equity interests.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Shares in group undertakings

<u>Name</u>	<u>Principal activity</u>	<u>Registered office</u>	<u>Class of shares held</u>	<u>Percentage held</u>
Prudential Corporation Limited ("PCL")	Finance company	England & Wales	Ordinary shares £1 each*	Nil
			Ordinary shares A\$1 each	100%
			Participating preference shares A\$1 each*	Nil
Prudential (Gibraltar) Limited ("PGL")	Investment holding company	Gibraltar	Ordinary shares £1 each	100%
			Redeemable preference shares £1 each*	Nil

* Held by another group company

On 28 June 2004, the Company acquired from Prudential Holdings Australia LLP ("LLP") beneficial ownership of the entire A\$ ordinary share capital of Prudential Corporation Limited in consideration for a loan from LLP with a value of A\$1,090,827,194 (£411,741,665). On 25 June 2004, the Company acquired the entire issued share capital of Prudential (Gibraltar) Limited ("PGL"), consisting of £100, and on 28 June 2004 made a capital contribution to PGL of the entire issued share capital of Prudential Corporation Australasia Holdings Pty Limited with a value of £408,842,591.

On 15 December 2004, the Company incorporated Prudential (Gibraltar Two) Limited ("PGTL") and subscribed for one share of US\$1 at par. On 15 and 22 December 2004, the Company subscribed for a further 100 and 2,000 ordinary shares respectively of US\$1 each in PGTL for a consideration of US\$1 million (£516,529) and US\$20 million (£10,445,872) respectively.

5. Amounts owed by group undertakings

	28 June 2004 £000	31 December 2003 £000
Loans to group undertakings	1,232,425	796,304
Interest receivable	57,885	40,045
Dividend receivable	47	-
	<u>1,290,357</u>	<u>836,349</u>

Loans to group undertakings include loans to the immediate parent company, Prudential Corporation Holdings Limited, of £420,090,767 and £376,212,993, both at an interest rate of GBP three month LIBOR plus 35bp and a loan to Prudential (Gibraltar) Limited of A\$1,155,415,594 (£436,121,086), on which interest is receivable at an annual rate of 6.5%.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Creditors: amounts falling due within one year

	28 June 2004 £000	31 December 2003 £000
Loans from group undertakings	847,878	459,119
Other	94,982	77,217
Tax payable	2,304	1,840
	<u>945,164</u>	<u>538,176</u>

Loans from group undertakings comprise a loan from Prudential (Gibraltar) Limited of £436,121,086, on which interest is payable at an annual rate of 6% and a loan from the immediate parent company, Prudential Corporation Holdings Limited ("PCHL"), of A\$1,090,867,194 (£411,756,764), on which interest was payable to 27 June 2004 at an annual rate of 8.1%. On 24 September 2004, the Company entered into an agreement with PCHL to re-set the rate of interest on the loan of A\$1,090,867,194 from 8.1% to Australian Dollar LIBOR with effect from 28 June 2004. In addition, on the same date, the Company agreed to pay PCHL the interest accrued to 28 June of A\$68,796,318 (£25,967,733) and to prepay interest on the loan to 18 September 2005 of A\$71,068,404 (£28,270,180). The interest rate for the period from 28 June to 24 September 2004 was an annual rate of 5.46% and for the period from 25 September 2004 to 18 September 2005 was an annual rate of 5.52%. The interest paid on 24 September 2004 in respect of the period from 25 September 2004 to 18 September 2005 included a discount of 0.10% to recognise the prepayment of the interest.

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

Amounts falling due after more than one year comprise a loan from Prudential Corporation Australasia Holdings Pty Limited of A\$1,090,827,194 (£411,741,665), on which interest is payable at an annual rate of 6.5%.

8. Share capital

	28 June 2004 £000	31 December 2003 £000
Authorised		
1,000,000,000 ordinary shares of £1 each	1,000,000	1,000,000
2,000,000,000 6% cumulative preference shares of A\$1 each	689,750	689,750
	<u>1,689,750</u>	<u>1,689,750</u>
Issued and fully paid		
373,550,379 ordinary shares of £1 each	373,550	373,550
1,090,827,194 6% cumulative preference shares of A\$1 each	376,199	376,199
	<u>749,749</u>	<u>749,749</u>

The Australian Dollar (A\$) share capital has been translated to Pounds Sterling (£) at the historic exchange rate of £1 to A\$2.8996.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Share capital (continued)

The preference shares carry the right to receive a cumulative preferential dividend at the 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 director of the Company shall in his absolute discretion determine. 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.

9. Retained profit

	28 June 2004 £000	31 December 2003 £000
Balance at beginning of period	4,294	7,530
Retained loss for the period	(12,157)	(30,782)
Preference share appropriation	12,150	27,546
Balance at end of period	4,287	4,294

10. Auditor's remuneration

The auditor's remuneration is borne by the ultimate parent company.

11. Director's emoluments

The aggregate emoluments including pension contributions of the director of the Company during the period were £nil (2003: £nil).

12. 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.

13. Immediate and ultimate parent company

The immediate parent company is Prudential Corporation Holdings Limited. The ultimate parent company is Prudential plc, which is the only parent company that prepares group accounts, copies of which can be obtained from the Company Secretary, Laurence Pountney Hill, London EC4R 0HH.

14. Change of accounting reference date

On 28 June 2004, the Company changed its accounting reference date to 28 June and on 24 September 2004, the Company changed its accounting reference date to 24 September.

PRUDENTIAL AUSTRALIA ONE LIMITED

NOTES TO THE ACCOUNTS (continued)

15. Post balance sheet events

On 24 September 2004, the Company entered into an agreement with Prudential Corporation Holdings Limited ("PCHL") to re-set the rate of interest on the loan of A\$1,090,867,194 from 8.1% to Australian Dollar LIBOR with effect from 28 June 2004. In addition, on the same date, the Company agreed to pay PCHL the interest accrued to 28 June of A\$68,796,318 (£25,967,733) and to prepay interest on the loan to 18 September 2005 of A\$71,068,404 (£28,270,180). The interest rate for the period from 28 June to 24 September 2004 was an annual rate of 5.46% and for the period from 25 September 2004 to 18 September 2005 was an annual rate of 5.52%. The interest paid on 24 September 2004 in respect of the period from 25 September 2004 to 18 September 2005 included a discount of 0.10% to recognise the prepayment of the interest.

On 24 September 2004, the Company received A\$1,182,554,938 (£470,406,515) in consideration for the repayment of the loan to Prudential Gibraltar Limited ("PGL"). On the same date the Company paid £447,690,123 in consideration for the repayment of the loan from PGL.

On 24 September 2004, PCHL assigned its loan to the Company of A\$1,090,867,194 (£433,934,203) to Park Avenue (Singapore Two) Limited ("PASTL") and, on the same day Prudential Corporation Australasia Holdings Pty Limited assigned its loan to the Company of A\$1,090,827,194 (£433,918,292) to PASTL. Later on the same day, PASTL assigned both these loans to Prudential (Guernsey) Limited Partnership ("PGLP"). In addition, in order to hedge against foreign exchange fluctuations on the Company's loans from PGLP, the Company entered into agreements on 24 September 2004 with PGLP to purchase A\$1,090,867,193 from PGLP for £433,934,203 and to purchase A\$1,090,827,194 from PGLP for £433,918,292.

On 15 December 2004, the Company incorporated Prudential (Gibraltar Two) Limited ("PGTL") and subscribed for one share of US\$1 at par. On 15 and 22 December, the Company subscribed for a further 100 and 2,000 ordinary shares respectively of US\$1 each in PGTL for a consideration of US\$1 million (£516,529) and US\$20 million (£10,445,872) respectively.

PRUDENTIAL AUSTRALIA ONE LIMITED

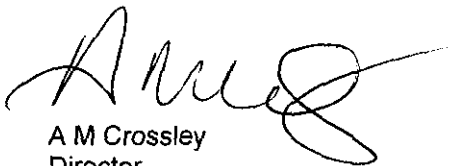
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to help ensure that the financial statements comply with the Companies Act 1985. The director has general responsibility for taking such steps as are reasonably available to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



A M Crossley
Director
25 April 2005

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

We have audited the financial statements on pages 4 to 11.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the director and auditor

The director is responsible for preparing the director's report and, as described on page 12, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28 June 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

25 April 2005