Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results
SUPPLEMENTARY INFORMATION (see notes overleaf)

Index continues overleaf

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Notes

(i) This information provides additional detailed data and explanation to augment the business review and financial statements included with the half year results announcement filed with the UK listing authority. For convenience of the reader this information includes certain information included in that announcement.

(ii) In order to facilitate comparisons of the Group's businesses, the effect of disposal and the results of the Taiwan agency business are shown separately from operating profit based on longer-term investment returns. The presentation of the comparative results for half year and full year 2008 have been adjusted accordingly.

(iii) Exchange translation
The comparative results have been prepared using previously reported exchange rates, except where otherwise stated.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 1.1

EEV basis results - Earnings per share and net asset value per share

Half year 2009

Earnings per share

Basic earnings per share (note 1.1a)	Operating profit based on longer-term investment returns Schedule 3 £m	Short-term fluctuations in investment returns Schedule 6 £m	Mark to market value movements on core borrowings (note 1.1b) Schedule 6 £m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes Schedule 6 £m	Changes in economic assumptions and time value of cost of options and guarantees Schedule 6 £m	Profit on sale and results of Taiwan agency business Schedule 12 £m	Profit for the period Total £m
Profit (loss) before tax	1,246	(707)	(108)	(71)	(384)	91	67
Tax (Schedule 7)	(364)	155	-	20	137	-	(52)
Profit (loss) after tax	882	(552)	(108)	(51)	(247)	91	15
Minority interests	(1)	-	-	-	-	-	(1)
Profit (loss) after tax and minority interests	881	(552)	(108)	(51)	(247)	91	14
Earnings per share (pence)	35.4p	(22.2)p	(4.3)p	(2.0)p	(9.9)p	3.6p	0.6p

Notes

1.1a The average number of shares for half year 2009 was 2,489 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

1.1b Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax credit is recorded in the results against the half year 2009 charge.

Net asset value per share

	Schedule cross reference	Half year 2009
Closing equity shareholders' funds	8	£13,720m
Net asset value per share attributable to equity shareholders (note 1.1c)		544p

Notes

1.1c Based on the closing issued share capital as at 30 June 2009 of 2,524 million shares.

Prudential PLC
2009 Unaudited Interim Results

Schedule 1.2

EEV basis results - Earnings per share and net asset value per share

Half year 2008

Earnings per share

Basic earnings per share (note 1.2a)	Operating profit based on longer-term investment returns Schedule 3 £m	Short-term fluctuations in investment returns Schedule 6 £m	Mark to market value movements on core borrowings (note 1.2b) Schedule 6 £m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes Schedule 6 £m	Changes in economic assumptions and time value of cost of options and guarantees Schedule 6 £m	Results of sold Taiwan agency business Schedule 12 £m	Loss for the period Total £m
Profit (loss) before tax							
As previously reported	1,430	(1,949)	171	(98)	(189)	–	(635)
Presentational change for sold Taiwan agency business	(80)	81	–	–	89	(90)	–
As adjusted	1,350	(1,868)	171	(98)	(100)	(90)	(635)
Tax (Schedule 7)	(381)	509	–	28	25	(19)	162
Profit (loss) after tax	969	(1,359)	171	(70)	(75)	(109)	(473)
Minority interests	(2)	(1)	–	–	–	1	(2)
Profit (loss) after tax and minority interests	967	(1,360)	171	(70)	(75)	(108)	(475)
Earnings per share (pence)	39.2p	(55.2)p	6.9p	(2.8)p	(3.0)p	(4.4)p	(19.3)p

Notes

1.2a The average number of shares for half year 2008 was 2,465 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

1.2b Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results against the half year 2008 credit.

Net asset value per share

	Schedule cross reference	Half year 2008
Closing equity shareholders' funds	8	£13,977m
Net asset value per share attributable to equity shareholders (note 1.2c)		561p

Notes

1.2c Based on the closing issued share capital as at 30 June 2008 of 2,491 million shares.

Prudential PLC
2009 Unaudited Interim Results

Schedule 1.3

EEV basis results - Earnings per share and net asset value per share

Full Year 2008

Earnings per share	Operating profit, based on longer-term investment returns	Short-term fluctuations in investment returns	Mark to market value movements on core borrowings (note 1.3b)	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	Changes in economic assumptions and time value of cost of options and guarantees	Results of sold Taiwan agency business	Loss for the year
	Schedule 3	Schedule 6	Schedule 6	Schedule 6	Schedule 6	Schedule 12	Total
Basic earnings per share (note 1.3a)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Profit (loss) before tax							
As previously reported	2,961	(5,127)	656	(15)	(581)	-	(2,106)
Presentational changes for sold Taiwan agency business	(96)	160	–	1	183	(248)	–
As adjusted	2,865	(4,967)	656	(14)	(398)	(248)	(2,106)
Tax (Schedule 7)	(758)	1,432	–	2	79	16	771
Profit (loss) after tax	2,107	(3,535)	656	(12)	(319)	(232)	(1,335)
Minority interests	(4)	(1)	–	–	–	2	(3)
Profit (loss) after tax and minority interests	2,103	(3,536)	656	(12)	(319)	(230)	(1,338)
Earnings per share (pence)	85.1p	(143.0)p	26.5p	(0.5)p	(12.9)p	(9.3)p	(54.1)p

Notes

1.3a The average number of shares for full year 2008 was 2,472 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

1.3b Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results against the full year 2008 credit.

Net asset value per share

	Schedule cross reference	Full year 2008
Closing equity shareholders' funds	8	£14,956m
Net asset value per share attributable to equity shareholders (note 1.3c)		599p

Notes

1.3c Based on the closing issued share capital as at 31 December 2008 of 2,497 million shares.

Prudential PLC
2009 Unaudited Interim Results

Schedule 2

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

2.1 Basis of preparation of results

The EEV basis results have been prepared in accordance with the EEV Principles issued by the CFO Forum of European Insurance Companies in May 2004. Where appropriate, the EEV basis results include the effects of adoption of International Financial Reporting Standards (IFRS).

The EEV results for the Group are prepared for 'covered business', as defined by the EEV Principles. Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders. The EEV basis results for the Group's covered business are then combined with the IFRS basis results of the Group's other operations.

The definition of long-term business operations is consistent with previous practice and comprises those contracts falling under the definition of long-term insurance business for regulatory purposes together with, for US operations, contracts that are in substance the same as guaranteed investment contracts (GICs) but do not fall within the technical definition. Under the EEV Principles, the results for covered business incorporate the projected margins of attaching internal asset management.

With two principal exceptions, covered business comprises the Group's long-term business operations. The principal exceptions are for the closed Scottish Amicable Insurance Fund (SAIF) and for the presentational treatment of the financial position of two of the Group's defined benefit pension schemes. A very small amount of UK group pensions business is also not modelled for EEV reporting purposes.

SAIF is a ring-fenced sub-fund of the Prudential Assurance Company (PAC) long-term fund, established by a Court approved Scheme of Arrangement in October 1997. SAIF is closed to new business and the assets and liabilities of the fund are wholly attributable to the policyholders of the fund.

As regards the Group's defined benefit pension schemes, the liabilities attaching to the Prudential Staff Pension Scheme (PSPS) and Scottish Amicable Pension Scheme are excluded from the EEV value of UK operations and included in the total for Other operations. The amounts are partially attributable to the PAC with-profits fund and shareholder-backed long-term business and partially to other parts of the Group. In addition to the amounts recognised as attributable to shareholders under IFRS basis, a 10 per cent share of the amount attributable to the PAC with-profits fund is recognised for EEV reporting purposes.

2.2 Methodology

The same methodology has been applied for all periods included within these financial statements.

Embedded value
Overview
The embedded value is the present value of the shareholders' interest in the earnings distributable from assets allocated to covered business after sufficient allowance has been made for the aggregate risks in that business. The shareholders' interest in the Group's long-term business comprises:
- present value of future shareholder cash flows from in-force covered business (value of in-force business), less a deduction for the cost of locked-in (encumbered) capital;
- locked-in (encumbered) capital; and
- shareholders' net worth in excess of encumbered capital (free surplus)

The value of future new business is excluded from the embedded value. In determining the embedded value or the profit before tax no smoothing of market account balance values, unrealised gains or investment returns is applied. Separately, the analysis of profit is delineated between operating profit based on longer-term investment returns and other constituent items as described in note 2.4.

Valuation of new business
The contribution from new business represents profits determined by applying non-economic assumptions as at the end of the period.

In determining the new business contribution for UK immediate annuity and lifetime mortgage business, which is interest rate sensitive, it is appropriate to use point of sale economic assumptions, consistent with how the business is priced. For other business within the Group end of period economic assumptions are used.

Level of encumbered capital
In adopting the EEV Principles, Prudential has based encumbered capital on its internal targets for economic capital, subject to it being at least the local statutory minimum requirements. Economic capital is assessed using internal models but, when applying the EEV Principles, Prudential does not take credit for the significant diversification benefits that exist within the Group. For with-profits business written in a segregated life fund, as is the case in the Asia and the UK, the capital available in the fund is sufficient to meet the encumbered capital requirements. For shareholder-backed business the following capital requirements apply:

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

• Asian operations: the level of encumbered capital has been set at the higher of local statutory requirements and the economic capital requirement, but in aggregate, the encumbered capital is broadly in line with the amount required under the Insurance Groups Directive (IGD).

• US operations: the level of encumbered capital has been set to an amount at least equal to 235 per cent of the risk-based capital required by the National Association of Insurance Commissioners (NAIC) at the Company Action Level (CAL), which is sufficient to meet the economic capital requirement.

• UK insurance operations: the capital requirements are set at the higher of the Pillar I and Pillar II requirements for shareholder-backed business of UK insurance operations as a whole, which, for half year 2009, was Pillar I.

Valuation movements on investments

With the exception of debt securities held by Jackson, investment gains and losses during the period (to the extent that changes in capital values do not directly match changes in liabilities) are included directly in the profit for the period and shareholders' equity as they arise.

The results for any covered business conceptually reflects the aggregate of the IFRS results and the movements on the additional shareholders' interest recognised on the EEV basis. Thus the start point for the calculation of the EEV results for Jackson, as for other businesses, reflects the market value movements recognised on the IFRS basis.

However, in determining the movements on the additional shareholders' interest, the basis for calculating the Jackson EEV result acknowledges that for debt securities backing liabilities the aggregate EEV results reflect the fact that the value of in-force business instead incorporates the discounted value of future spread earnings. This value is not affected generally by short-term market movements on securities that are broadly speaking held with the intent and ability to be retained for the longer term.

Fixed income securities backing the free surplus and required capital for Jackson are accounted for at fair value. However, consistent with the treatment applied under IFRS for securities classified as available-for-sale, movements in unrealised appreciation on these securities are accounted for in equity rather than in the income statement, as shown in the Reconciliation of movement in shareholders' funds (schedule 9).

2.3 Economic assumptions

(a) Deterministic assumptions

In most countries, the long-term expected rates of return on investments and risk discount rates are set by reference to period end rates of return on cash or fixed interest securities. For the Group's Asian operations, the active basis is appropriate for business written in Japan, Korea and US dollar denominated business written in Hong Kong. Except in respect of the projected returns of holdings of Asian debt and equity securities for those countries where long-term fixed interest markets are less established, the 'active' basis of assumption setting has been applied in preparing the results of all the Group's US and UK long-term business operations.

For countries where long-term fixed interest markets are less established, investment return assumptions and risk discount rates are based on an assessment of longer-term economic conditions. Except for the countries listed above, this basis is appropriate for the Group's Asian operations. Similarly, the projected returns on holdings of Asian securities in these territories by other Group businesses are set on the same basis.

Expected returns on equity and property asset classes in respect of each territory are derived by adding a risk premium, also based on the long-term view of Prudential's economists, to the risk-free rate. In Asia, equity risk premiums range from 3.0 per cent to 7.0 per cent (half year 2008: 3.0 per cent to 6.0 per cent; full year 2008: 3.0 per cent to 7.0 per cent). In the US and the UK, the equity risk premium is 4.0 per cent for all periods for which results are prepared in this report.

Assumed investment returns reflect the expected future returns on the assets held and allocated to the covered business at the valuation date.

Prudential PLC
2009 Unaudited Interim Results

Schedule 2 (continued)

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

The tables below summarise the principal financial assumptions:

Asian operations

30 Jun 2009	**China** %	**Hong Kong** (notes ii,iii) %	**India** %	**Indonesia** %	**Japan** %	**Korea** %	**Malaysia** (note iii) %	**Philippines** %	**Singapore** (note iii) %	**Taiwan** %	**Thailand** %	**Vietnam** %
Risk discount rate:												
New business	**11.75**	**5.1**	**14.25**	**15.25**	**5.1**	**9.2**	**9.25**	**15.75**	**5.65**	**9.0**	**13.0**	**16.75**
In force	**11.75**	**5.3**	**14.25**	**15.25**	**5.1**	**9.2**	**9.2**	**15.75**	**6.8**	**8.9**	**13.0**	**16.75**
Expected long-term rate of inflation	**4.0**	**2.25**	**5.0**	**6.0**	**0.0**	**2.75**	**2.75**	**5.0**	**1.75**	**2.25**	**3.0**	**6.0**
Government bond yield	**8.25**	**3.6**	**9.25**	**10.25**	**1.9**	**5.3**	**6.5**	**9.25**	**4.25**	**5.5**	**6.75**	**10.25**

30 Jun 2008	China %	Hong Kong (notes ii,iii) %	India %	Indonesia %	Japan %	Korea %	Malaysia (note iii) %	Philippines %	Singapore (note iii) %	Taiwan %	Thailand %	Vietnam %
Risk discount rate:												
New business	11.75	5.5	15.75	16.75	5.3	10.1	9.2	15.75	6.3	9.2	13.0	16.75
In force	11.75	5.6	15.75	16.75	5.3	10.1	9.2	15.75	6.7	9.6	13.0	16.75
Expected long-term rate of inflation	4.0	2.25	5.0	6.0	0.7	2.75	2.75	5.0	1.75	2.25	3.0	6.0
Government bond yield	8.25	3.9	9.25	10.25	2.15	6.1	6.5	9.25	4.25	5.5	6.75	10.25

31 Dec 2008	China %	Hong Kong (notes ii,iii) %	India %	Indonesia %	Japan %	Korea %	Malaysia (note iii) %	Philippines %	Singapore (note iii) %	Taiwan %	Thailand %	Vietnam %
Risk discount rate:												
New business	11.75	3.8	14.25	15.25	4.8	8.2	9.1	15.75	6.15	9.1	13.0	16.75
In force	11.75	3.9	14.25	15.25	4.8	8.2	9.0	15.75	6.85	9.7	13.0	16.75
Expected long-term rate of inflation	4.0	2.25	5.0	6.0	0.7	2.75	2.75	5.0	1.75	2.25	3.0	6.0
Government bond yield	8.25	2.3	9.25	10.25	1.6	4.3	6.5	9.25	4.25	5.5	6.75	10.25

	Asia total 30 Jun 2009 %	Asia total 30 Jun 2008 %	Asia total 31 Dec 2008 %
Weighted risk discount rate (note i)			
New business (excluding Taiwan agency business)	**9.4**	9.9	8.7
In force (excluding Taiwan agency business)	**8.5**	8.8	8.0
In force (including Taiwan agency business)	**N/A**	8.8	7.8

Schedule 2 (continued)

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

Notes
Asian operations
Asian operations - economic assumptions

(i) The weighted risk discount rates for Asian operations shown above have been determined by weighting each country's risk discount rates by reference to the EEV basis operating result for new business and the closing value of in-force business.
(ii) The assumptions shown are for US dollar denominated business which comprises the largest proportion of the in-force Hong Kong business.
(iii) The mean equity return assumptions for the most significant equity holdings in the Asian operations were:

	30 Jun 2009	30 Jun 2008	31 Dec 2008
	%	%	%
Hong Kong	**7.6**	7.9	6.2
Malaysia	**12.4**	12.5	12.5
Singapore	**10.2**	9.3	10.2

To obtain the mean, an average over all simulations of the accumulated return at the end of the projection period is calculated. The annual average return is then calculated by taking the root of the average accumulated return minus 1.

US operations (Jackson)	**30 Jun 2009**	**30 Jun 2008**	**31 Dec 2008**
	%	%	%
Assumed spread margins (note (iii))			
New business			
Assumed long-term spread between earned rate and rate credited to policyholders for new tranches of fixed annuity business (note (i))	2.0	1.75	1.75
In force	1.75	1.75	1.75
Risk discount rate (note (ii)):			
New business	6.3	6.9	4.6
In force	5.7	5.9	3.9
US 10-year treasury bond rate at end of period	3.6	4.0	2.3
Pre-tax expected long-term nominal rate of return for US equities	7.6	8.0	6.3
Expected long-term rate of inflation	1.8	2.6	1.5

Notes

(i) The expected long-term spread shown above for new tranches of fixed annuity business and the proportion of variable annuity new business invested in the general account for half year 2009 is assumed at a level of 2.75 per cent for the first 5 years and grades back to 2.0 per cent over the next 10 years. In addition, the assumed spread on Fixed Index Annuity new business tranches has been increased from 2.2 per cent at full year 2008 to 3.5 per cent. The increases in the spread assumptions are due primarily to the exceptional combined benefit of high investment yields with a net annualised yield on new assets of 7.0 per cent during the first half of 2009 and lower crediting rates. These revised assumptions include a provision that crediting rates and spreads will normalise in the future. Thus, the assumption for new business spreads for fixed annuities and the proportion of variable annuity business invested in the general account is set at the higher new level for the first five years before reducing over the following ten years. As before, the valuation of new business takes into account an assumed associated risk of increased lapse under certain interest rate scenarios.

(ii) The risk discount rates at 30 June 2009 for new business and business in-force for US operations reflect weighted rates based on underlying rates of 7.6 per cent for variable annuity (VA) business and 4.3 per cent for other business. The increase in the weighted discount rates reflects the increase in the US 10-year treasury bond rate of 130 bps and a change in the product mix with the half year 2009 results seeing an increase in the proportion of new and in-force business arising from Variable Annuity business.

(iii) Credit risk treatment
The projected cash flows incorporate the expected long-term spread between the earned rate and rate credited to policyholders. The projected earned rates reflect book value yields which are adjusted over time to reflect projected reinvestment rates. The expected spread for half year 2009 has been determined after allowing for a Risk Margin Reserve (RMR) allowance of 33 basis points for longer-term defaults as described in note 2.4 of schedule 2. The RMR of 33 bps represents the allowance, as at 30 June 2009, applied in the cash flow projections of the value of the in-force business.

In the event that longer-term default levels are higher then, unlike for UK annuity business where policyholder benefits are not changeable, Jackson has some discretion to adjust crediting rates, subject to contract guarantee levels and general market competition considerations.

The results for Jackson reflect the application of the low discount rates shown above. In the event that US 10-year treasury rates increase, the altered embedded value results would reflect a lower contribution from fixed annuity business and a partially offsetting increase for variable annuity business as the projected earned rate, as well as the discount rate, would increase for this type of business.

Prudential PLC
2009 Unaudited Interim Results

Schedule 2 (continued)

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

At 31 December 2008, the book value yields, net of RMR allowance, were in excess of the risk discount rate. To correct for the anomalous effect that would otherwise occur, no credit was taken in the financial statements for full year 2008 for the cost of capital benefit that this feature would have given rise to for fixed annuity business. As interest rates have subsequently risen such that the risk discount rate exceeds book value yield at 30 June 2009 no such adjustment is needed for the six months to 30 June 2009.

UK insurance operations	**30 Jun 2009 %**	30 Jun 2008 %	31 Dec 2008 %
Shareholder-backed annuity business:			
Risk discount rate (notes (i) and note (iv)):			
New business	11.0	8.9	9.6
In force	11.0	8.9	12.0
Pre-tax expected long-term nominal rate of return for shareholder-backed annuity business (note (iii)):			
Fixed annuities	6.7	6.2	6.7
Inflation-linked annuities	6.1	5.6	5.8
Other business:			
Risk discount rate (notes (ii) and note (iv)):			
New business	7.1	8.65	6.7
In force	7.0	8.5	6.75
Pre-tax expected long-term nominal rates of investment return:			
UK equities	8.1	9.2	7.7
Overseas equities	7.6 to 10.3	8.0 to 10.2	6.3 to 10.25
Property	6.4	7.4	6.0
Gilts	4.1	5.2	3.7
Corporate bonds – with-profits funds (note (iv))	5.6	6.9	5.2
– other business	5.6	6.9	5.2
Expected long-term rate of inflation	3.7	4.1	3.0
Post-tax expected long-term nominal rate of return for the PAC with-profits funds:			
Pension business (where no tax applies)	6.75	8.3	6.6
Life business	6.1	7.4	5.8

Notes

(i) The new business risk discount rate for shareholder-backed annuity business for year end 2008 reflected the assets allocated to back new business with an allowance for credit risk based on point of sale market conditions, consistent with how the business was priced. The year end 2008 total allowance for credit risk has been retained for new business pricing during 2009 so the allowance for credit risk for new business at point of sale is consistent with the opening in-force assumption.

(ii) The risk discount rates for new business and business in force for UK insurance operations other than shareholder-backed annuities reflect weighted rates based on the type of business.

(iii) The pre-tax rates of return for shareholder-backed annuity business are based on the gross redemption yield on the backing assets net of a best estimate allowance for future defaults.

(iv) Credit spread treatment

For with-profits business, the embedded value reflects the discounted value of future shareholder transfers. These transfers are directly affected by the level of projected rates of return on investments, including debt securities. Given the current exceptional fixed interest market conditions, and the Company's expectation that the current widened credit spreads will not be maintained, the Company considers that it is most appropriate to assume an unchanged level of credit spreads, an unchanged level of longer-term default allowance and an unchanged risk discount rate methodology relative to those used at 31 December 2007.

For UK annuity business, different dynamics apply both in terms of the nature of the business and the EEV methodology applied. For this type of business the assets are generally held to maturity to match long duration liabilities. It is therefore appropriate under EEV methodology to include a liquidity premium in the economic basis used. The appropriate EEV risk discount rate is set in order to equate the EEV with a "market consistent embedded value" including liquidity premium. The liquidity premium in the “market consistent embedded value” is derived from the yield on the assets held after deducting an appropriate allowance for credit risk. The risk discount rate in the EEV reflects the excess of the total allowance for credit risk over the best estimate default assumptions. For Prudential Retirement Income Limited (PRIL), which has approximately 90 per cent of UK shareholder-backed annuity business, the allowance for credit risk at 30 June 2009 is made up of:

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

(a) 26 bps for fixed annuities and 13 bps for inflation-linked annuities in respect of long-term expected defaults. This is derived by applying Moody's data from 1970 to 2004 uplifted by between 100 per cent (B) and 200 per cent (AAA) according to credit rating, to the asset portfolios.

(b) 17 bps for fixed annuities and 9 bps for inflation-linked annuities in respect of long-term credit risk premium for the potential volatility in default levels. This is derived by applying the 95th worst percentile from Moody's data from 1970 to 2004, to the asset portfolios.

(c) 46 bps for fixed annuities and 50 bps for inflation-linked annuities in respect of additional short-term credit risk, reflecting short-term credit rating downgrades and defaults in excess of the long-term assumptions. At 31 December 2008, this was derived as 25 per cent of the increase in credit spreads over swaps that has occurred since 31 December 2006 based on a set of externally published indices weighted to reflect the asset mix. During 2009, this element of the overall credit assumption has not been derived by reference to credit spreads; rather it has been reduced in order to offset the impact of actual downgrades during the period on the long-term assumptions in (a) and (b) above and increased to eliminate the positive experience variance that would have otherwise arisen from the small number of actual defaults that were experienced in the period.

On a weighted basis for fixed annuities and inflation-linked annuities, the allowance at 30 June 2009 is 24 bps for long-term expected defaults, 15 bps for long-term credit risk premium, and 46 bps for short-term credit risk. This compares with the allowance at 31 December 2008 of 15 bps for long-term expected defaults, 11 bps for long-term credit risk premium, and 54 bps for short-term credit risk.

Pillar I reserves are calculated using a similar allowance for credit risk.

The Pillar I allowance of 85 bps per annum is financially equivalent to 236 bps from 1 July 2009 until 31 December 2011 and 44 bps thereafter for the life of the book.

The overall allowance for credit risk is prudent by comparison with historic rates of default and would be sufficient to withstand a wide range of extreme credit events over the expected lifetime of the annuity business.

(b) Stochastic assumptions

The economic assumptions used for the stochastic calculations are consistent with those used for the deterministic calculations described above. Assumptions specific to the stochastic calculations, such as the volatilities of asset returns, reflect local market conditions and are based on a combination of actual market data, historic market data and an assessment of longer-term economic conditions. Common principles have been adopted across the Group for the stochastic asset models, for example, separate modelling of individual asset classes but with allowance for correlation between the various asset classes.
Details are given below of the key characteristics and calibrations of each model.

Asian operations

- The same asset return models as used in the UK, appropriately calibrated, have been used for the Asian operations as described for UK insurance operations below. The principal asset classes are government and corporate bonds. Equity holdings are much lower than in the UK whilst property holdings do not represent a significant investment asset.

- The stochastic cost of guarantees is primarily only of significance for the Hong Kong, Malaysia and Singapore operations.

- The mean stochastic returns are consistent with the mean deterministic returns for each country. The expected volatility of equity returns ranges from 18 per cent to 30 per cent (half year 2008: 18 per cent to 25 per cent; full year 2008: 18 per cent to 30 per cent) and the volatility of government bond yields ranges from 1.3 per cent to 2.4 per cent (half year 2008: 1.2 per cent to 2.5 per cent; full year 2008: 1.4 per cent to 2.4 per cent).

US operations (Jackson)

- Interest rates are projected using a log-normal generator calibrated to actual market data;

- Corporate bond returns are based on Treasury securities plus a spread that has been calibrated to current market conditions and varies by credit quality; and

- Variable annuity equity and bond returns have been stochastically generated using a log-normal model with parameters determined by reference to historical data. The volatility of equity fund returns ranges from 18.6 per cent to 28.1 per cent across all reporting periods depending on risk class, and the standard deviation of bond returns ranges from 1.4 per cent to 1.6 per cent (half year 2008: 1.4 per cent to 1.6 per cent; full year 2008: 1.5 per cent to 1.6 per cent).

UK insurance operations

- Interest rates are projected using a two-factor model calibrated to actual market data;

- The risk premium on equity assets is assumed to follow a log-normal distribution;

- The corporate bond return is calculated as the return on a zero-coupon bond plus a spread. The spread process is a mean reverting stochastic process; and

Prudential PLC
2009 Unaudited Interim Results

Schedule 2 (continued)

EEV basis results - Basis of preparation, methodology, economic assumptions and accounting presentation

• Property returns are modelled in a similar fashion to corporate bonds, namely as the return on a riskless bond, plus a risk premium, plus a process representative of the change in residual values and the change in value of the call option on rents.

Mean returns have been derived as the annualised arithmetic average return across all simulations and durations.

For each projection year, standard deviations have been calculated by taking the square root of the annualised variance of the returns over all the simulations. These have been averaged over all durations in the projection. For equity and property, the standard deviations relate to the total return on these assets. The standard deviations applied to all periods presented are as follows:

	%
Equities:	
UK	18.0
Overseas	16.0
Property	15.0

2.4 Accounting presentation

Analysis of profit before tax

To the extent applicable, presentation of the EEV profit for the period is consistent with the basis that the Group applies for analysis of IFRS basis profits before shareholder taxes between operating and non-operating results. Operating results reflect the underlying results of the Group's continuing operations including longer-term investment returns. Operating results include the impact of routine changes of estimates and non-economic assumptions. Non operating results comprise short-term fluctuations in investment returns, the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes, the mark to market value movements on core borrowings and the effect of changes in economic assumptions and changes in the time value of cost of options and guarantees. In half year 2009 as a result of the exceptional dislocated market conditions, the Group incurred non-recurrent costs from an exceptional overlay short dated hedge to protect against tail events on the Group IGD capital position, in addition to regular operational hedging programmes. These costs have been shown separately within short-term fluctuations in investment returns. Also, in June 2009, the Group completed the disposal of the Taiwan agency business. The effect of this disposal and the results of the Taiwan agency business have been presented separately outside of the operating result.

Operating profit

Investment returns, including investment gains, in respect of long-term insurance business are recognised in operating results at the expected long-term rate of return. For the purpose of calculating the longer-term investment return to be included in the operating results of UK operations, where equity holdings are a significant proportion of investment portfolios, values of assets at the beginning of the reporting period are adjusted to remove the effects of short-term market volatility.

For the purposes of determining the long-term returns for debt securities of shareholder-backed operations, a risk margin charge is included which reflects the expected long-term rate of default based on the credit quality of the portfolio. For Jackson, interest-related realised gains and losses are amortised to the operating results over the maturity period of the sold bonds and for equity-related investments, a long-term rate of return is assumed, which reflects the aggregation of risk-free rates and equity risk premium. For US variable annuity separate account business, operating profit reflects the expected longer-term rate of return with the excess or deficit of the actual return recognised within non-operating profit, together with the related hedging activity.

Effect of changes in economic assumptions and time value of cost of options and guarantees

Movements in the value of in-force business caused by changes in economic assumptions and the time value of cost of options and guarantees resulting from changes in economic factors are recorded in non-operating results.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 3

EEV basis results - Operating profit based on longer-term investment returns (note 3a)
Summary results

	Schedule cross reference	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Profits from:				
New Business	4	**691**	555	1,200
Business in force	5	**617**	749	1,636
Long-term business (excluding development expenses)		**1,308**	1,304	2,836
Asia development expenses		**(5)**	(3)	(26)
Long-term business profit		**1,303**	1,301	2,810
Other operating results:				
UK general insurance commission		**27**	14	44
Asian asset management operations		**21**	29	52
US broker-dealer and asset management*		**2**	6	7
M&G		**102**	146	286
Other income and expenditure				
Investment return and other income (note 3b)		**(3)**	51	47
Interest payable on core structural borrowings		**(84)**	(82)	(172)
Corporate expenditure:				
Group Head Office		**(74)**	(79)	(130)
Asia Regional Head Office		**(23)**	(17)	(41)
Charges for share-based payments for Prudential schemes		**(11)**	(4)	(6)
Total other income and expenditure		**(195)**	(131)	(302)
Total other operating results		**(43)**	64	87
Restructuring costs (note 3c)		**(14)**	(15)	(32)
Total operating profit based on longer-term investment returns before tax		**1,246**	1,350	2,865

* The US broker-dealer and asset management result includes Curian losses of £3 million (half year 2008 £nil, full year 2008 £3 million).

Notes

3a Analysis of profit before tax
The Group analyses its EEV basis results so as to distinguish operating profit based on longer-term investment returns from other constituent elements of total profit. The other constituent elements are explained on schedule 6.

3b Investment return and other income

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
IFRS basis	**13**	72	89
Less: Projected asset management result in respect of covered business incorporated in opening EEV value of in-force business *	**(16)**	(21)	(42)
EEV basis	**(3)**	51	47

*Total EEV basis results for asset management operations reflect the aggregate of the experience variance between the actual and expected contribution from managing internal long-term business funds falling within the scope of covered business, and the contribution from managing external and other internal funds. The asset management results for business unit operations shown above reflect the IFRS result. The adjustment to other income is that required to derive the correct overall EEV contribution.

EEV basis results - Operating profit based on longer-term investment returns

3c Restructuring costs have been incurred as follows:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
UK insurance operations	**9**	5	14
Unallocated corporate	**5**	10	18
Total	**14**	15	32

The charge of £14 million (half year 2008: £15 million; full year 2008: £ 32 million) comprises £12 million (half year 2008: £14 million; full year 2008: £28 million) recognised on the IFRS basis and an additional £2 million (half year 2008: £1 million; full year 2008: £4 million) recognised on the EEV basis for the shareholders' share of costs incurred by the PAC with-profits fund.

Prudential PLC
2009 Unaudited Interim Results

Schedule 4

EEV basis results - New business profit and margins

Operating profits from new long-term insurance business

	Half year 2009			Half year 2008			Full year 2008		
	Pre-tax	Tax	Post-tax (schedule 10 note 10b)	Pre-tax	Tax	Post-tax (schedule 10) note 10b)	Pre-tax	Tax	Post-tax (schedule 10) note 10b)
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asian operations	**277**	**(74)**	**203**	289	(75)	214	634	(166)	468
US operations (note 4b)	**292**	**(102)**	**190**	137	(48)	89	293	(103)	190
UK insurance operations (note 4d)	**122**	**(36)**	**86**	129	(37)	92	273	(76)	197
	691	**(212)**	**479**	555	(160)	395	1,200	(345)	855

New business premiums, contributions and margins

Half year 2009	**New Business Premiums (note 4c)**		**Annual Premium and Contribution Equivalents**	**Present Value of New Business Premiums**	**Pre-Tax New Business Contribution**	**New Business Margin (Note 4d)**	
	Single	**Regular**	**(APE)**	**(PVNBP)**		**(APE)**	**(PVNBP)**
	£m	**£m**	**£m**	**£m**	**£m**	**%**	**%**
Asian operations (notes 4a and 4e)	**365**	**517**	**553**	**2,706**	**277**	**50**	**10.2**
US operations (note 4f)	**3,798**	**12**	**392**	**3,889**	**292**	**74**	**7.5**
UK insurance operations (notes 4d and 4g)	**2,451**	**131**	**376**	**3,062**	**122**	**32**	**4.0**
Total	**6,614**	**660**	**1,321**	**9,657**	**691**	**52**	**7.2**

Half year 2008	New Business Premiums (note 4c)		Annual Premium and Contribution Equivalents	Present Value of New Business Premiums	Pre-Tax New Business Contribution	New Business Margin (Note 4d)	
	Single	Regular	(APE)	(PVNBP)		(APE)	(PVNBP)
	£m	£m	£m	£m	£m	%	%
Asian operations (notes 4a and 4e)	931	555	648	3,435	289	45	8.4
US operations	3,453	11	356	3,537	137	38	3.9
UK insurance operations (notes 4d and 4g)	3,125	125	438	3,664	129	29	3.5
Total	7,509	691	1,442	10,636	555	38	5.2

Full year 2008	New Business Premiums (note 4c)		Annual Premium and Contribution Equivalents	Present Value of New Business Premiums	Pre-Tax New Business Contribution	New Business Margin (Note 4d)	
	Single	Regular	(APE)	(PVNBP)		(APE)	(PVNBP)
	£m	£m	£m	£m	£m	%	%
Asian operations (notes 4a and 4e)	1,340	1,082	1,216	6,508	634	52	9.7
US operations	6,917	24	716	7,140	293	41	4.1
UK insurance operations (notes 4d and 4g)	6,929	254	947	8,081	273	29	3.4
Total	15,186	1,360	2,879	21,729	1,200	42	5.5

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 4 (continued)

EEV basis results - New business profit and margins

Notes

4a

	New Business Margin (APE)		
	Half Year 2009	Half year 2008	Full year 2008
Asian operations	**%**	%	%
Hong Kong	**76**	66	79
Korea	**36**	33	34
Taiwan (note 4e)	**15**	15	22
India	**19**	16	19
China	**45**	51	52
Indonesia	**61**	51	58
Other	**62**	60	72
Weighted average for all Asian operations	**50**	45	52

4b

	Half Year 2009	Half year 2008	Full year 2008
US operations – net of tax profits from new long-term insurance business	**£m**	£m	£m
Before capital charge	**195**	96	193
Capital charge (see notes 8a and 8d on schedule 8)	**(5)**	(7)	(3)
After capital charge	**190**	89	190

4c New business premiums reflect those premiums attaching to covered business, including premiums for contracts classified as investment products for IFRS basis reporting. New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions (DWP) rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

4d New business margins are shown on two bases, namely the margins by reference to Annual Premium Equivalents (APE) and the Present Value of New Business Premiums (PVNBP). APEs are calculated as the aggregate of regular new business amounts and one tenth of single new business amounts. PVNBPs are calculated as equalling single premiums plus the present value of expected premiums of new regular premium business, allowing for lapses and other assumptions made in determining the EEV new business contribution.

In determining the EEV basis value of new business written in the period the policies incept, premiums are included in projected cash flows on the same basis of distinguishing annual and single premium business as set out for statutory basis reporting.

In general, as described in note 2.3 of schedule 2, the use of point of sale or end of period economic assumptions is not significant in determining the new business contribution for different types of business and across financial reporting periods. However, to obtain proper measurement of the new business contribution for business which is interest rate sensitive, it is appropriate to use point of sale economic assumptions, consistent with how the business was priced. In practice, the only area within the Group where this has a material effect, particularly in light of the recent dislocation of markets, is for UK shareholder-backed annuity and lifetime mortgage business. The half year 2009 and full year 2008 results for shareholder-backed annuity and lifetime mortgage business have been prepared on the basis of point of sale, rather than end of period economic assumptions which previously applied for EEV reporting. For half year 2008, the effect of the use of point of sale market conditions would not have been material.

New business contributions for all business represent profits determined by applying non-economic assumptions as at the end of the period.

4e The tables above include new business for the Taiwan bank distribution operation. New business of the Taiwan agency business, which was sold in June 2009 (as explained in schedule 12) are excluded from the tables. Comparative figures have been adjusted accordingly.

4f The increase in new business margins for US operations in half year 2009 reflects the significant changes to target spread for Fixed Annuity and Fixed Index Annuity business primarily as a result of the exceptional combined benefit of high investment yields on new assets and lower crediting rates, as shown in note 2.3 of schedule 2.

4g To align with the treatment in the half year 2009 and full year 2008 results, the tables for UK insurance operations above for half year 2008 reflect the inclusion of the Group's UK health insurance joint venture operation, PruHealth, with an APE of £8 million and PVNBP of £79 million.

Prudential PLC
2009 Unaudited Interim Results

Schedule 5

EEV basis results - Operating profit from business in force

	Half Year 2009 £m	Half year 2008 £m	Full year 2008 £m
Asian operations (note 5b)			
Unwind of discount and other expected returns (note 5a)	**248**	193	409
Effect of change in operating assumptions (note 5b(i))	**(64)**	18	165
Experience variances and other items (note 5b(ii))	**(60)**	(40)	5
	124	171	579
US operations (note 5c)			
Unwind of discount and other expected returns (note 5a):			
On value of in-force business and required capital	**128**	103	176
On surplus assets	**14**	34	57
Spread experience variance (note 5c(i))	**4**	22	54
Amortisation of interest-related realised gains and losses (note 5c(i))	**34**	15	28
Effect of change in operating assumptions (note 5c(ii))	**(13)**	44	(17)
Other items (note 5c(iii))	**42**	(1)	(5)
	209	217	293
UK insurance operations (note 5d)			
Unwind of discount and other expected returns (note 5a)	**291**	350	569
Release of certain annuity business reserves	**-**	-	56
Release of prior period provisions relating to the Credit Life business	**-**	24	24
Cost of development of new products and distribution capabilities	**(10)**	(14)	(27)
Other items (note 5d(i))	**3**	1	142
	284	361	764
Total	**617**	749	1,636

Notes

5a Unwind of discount and other expected returns

For Asian operations and UK insurance operations, unwind of discount and other expected returns is determined by reference to the value of in-force business, required capital and surplus assets at the start of the period as adjusted for the effect of changes in economic and operating assumptions reflected in the current period. For the unwind of discount for UK insurance operations included in operating results based on longer-term returns a further adjustment is made. For UK insurance operations the amount shown above represents the unwind of discount on the value of in-force business at the beginning of the period (adjusted for the effect of current period assumption changes), the expected return on smoothed surplus assets retained within the PAC with-profits fund and the expected return on shareholders' assets held in other UK long-term business operations. Surplus assets retained within the PAC with-profits fund are smoothed for this purpose to remove the effects of short-term investment volatility from operating results. In the summary statement of financial position and for total profit reporting, asset values and investment returns are not smoothed. For US operations, the return on surplus assets is shown separately.

5b Asian operations

(i) Effect of change in operating assumptions

The effect of change in operating assumptions represent the following:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Mortality and morbidity[1]	**0**	3	41
Expense	**(9)**	7	30
Persistency[2]	**(60)**	(13)	79
Other	**5**	21	15
	(64)	18	165

EEV basis results - Operating profit from business in force

Notes

[1] The favourable effect of £41 million in full year 2008 for mortality and morbidity assumption changes mainly relates to Singapore of £34 million and Hong Kong of £15 million, which reflect actual experience across most products, offset by a charge in Malaysia of £(19) million which reflects negative morbidity experience on A&H products.

[2] The negative effect of the change in persistency assumptions of £(60) million in half year 2009 is mainly a direct consequence of the impact on policyholders' savings behaviour from adverse economic and market conditions. The persistency assumption changes arise mostly with investment related products, principally in Korea (£(23) million), and Hong Kong (£(14) million).
The favourable effect of the change in persistency assumptions of £79 million in full year 2008 predominately arose in Singapore (for £90 million), Hong Kong (for £28 million) and Malaysia (for £21 million) which reflected altered lapse rates, based on recent experience, offset by a charge in Korea (for £(44) million) mainly relating to premium holidays.

(ii) Experience variances and other items

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Mortality and morbidity [1]	**21**	21	34
Expense [2]	**(31)**	(34)	(37)
Persistency [3]	**(47)**	(13)	16
Other [4]	**(3)**	(14)	(8)
	(60)	(40)	5

[1] The favourable effect of £21 million (half year 2008: £21 million; full year 2008: £34 million) relating to mortality and morbidity experience variances reflects better than expected experience across all territories.

[2] The charge of £(31) million in half year 2009 relating to expense experience variances primarily arises from small negative expense variances across most territories reflecting the lower level of sales in the current period.
Also included in expense experience variances for all periods are expense overruns for operations which are at a relatively early stage of development, for which the expenses for new business are in excess of the target levels factored into the valuation of new business. On the basis of current plans the target level for these operations are planned to be attained in 2012.
The full year 2008 negative expense experience variance includes a charge of £(11) million arising in Korea, reflecting lower sales.

[3] The charge of £(47) million in half year 2009 relating to negative persistency experience mainly arises as customers have withdrawn from investment-related products (for which assumptions have been strengthened as explained above), including a charge in Korea of £18 million.
For half year 2008 the charge for negative persistency experience of £(13) million mainly arises in Korea due to greater than expected premium holidays.

[4] The half year 2008 comparative result has been reduced by £(13) million for the discontinuance of the allocation of notional return on centrally held economic capital in respect of Taiwan from shareholders' other income to the result for Asian operations. Other income is increased by an equivalent amount. Total profits are unaffected by these adjustments.

5c US operations

(i) Spread experience variance and amortisation of interest-related realised gains and losses

The spread assumption for Jackson is determined on a longer-term basis net of a provision for defaults, with impairment losses in excess of the provision for defaults taken through short-term fluctuations in investment returns as shown in schedule 6.

Amortisation of interest-related realised gains and losses reflects the same treatment applied to the supplementary analysis of IFRS profit.

(ii) Effect of change in operating assumptions

The effect of changes in operating assumptions for US operations is as follows:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Mortality[1]	35	29	31
Variable Annuity (VA) fees[2]	(14)	27	29
Other [3]	(34)	(12)	(16)
Effect of adjustments for application of EEV methodology for certain reserves, and required capital			
Interest Maintenance Reserve (IMR) [4]	-	-	(10)
Variable Annuity Statutory Reserves [5]	-	-	(68)
Required Capital [6]	-	-	17
Total	-	-	(61)
	(13)	44	(17)

EEV basis results - Operating profit from business in force

Notes

[1] The £35 million credit for mortality for half year 2009 primarily reflects lower mortality rates for the Life of Georgia business, based upon actual experience since the acquisition of the business in 2005.

[2] The charge of £(14) million for half year 2009 reflects a decrease in the level of the projected advisory fees for variable annuity business for a refined level of assumptions based on experience. The credit of £27 million for half year 2008 and £29 million for full year 2008 derived from a net increase in the overall level of projected policyholder advisory fees, reflecting an increase in the proportion of policyholder fees attributable to Jackson.

[3] The charge of £(34) million for other operating assumption changes for half year 2009 includes a charge for the effect of changes in persistency assumptions of £(56) million reflecting £(30) million for an increase in the assumed utilisation of the partial withdrawal option on Variable and Fixed Annuity business, and £(26) million for the effect of other altered lapse rates, in line with experience.

[4] The IMR is a statutory liability in respect of realised gains on the sale of bonds which, on a regulatory basis, are amortised to income over time in line with the duration of the bonds sold.

[5] The statutory reserves are primarily in respect of guarantees on variable annuity products in excess of the surrender value.

[6] The adjustment for full year 2008 in respect of required capital represents a current year refinement to reduce the required capital to align the amount with the required level which has been set as an amount at least equal to 235 per cent of the risk-based capital required by National Association of Insurance Commissioners at the Company Action Level, which is sufficient to meet the economic capital requirement.

(iii) Other items

The credit of £42 million for other items for half year 2009 primarily relates to favourable expense, mortality and persistency experience variances.

5d UK insurance operations

(i) Other items

The presentation of the half year 2008 results have been adjusted to show £14 million of UK general insurance commission separately from the long-term business EEV results. Total operating profit from UK insurance operations is unaffected by this reclassification.

Other items for UK insurance operations for full year 2008 includes a credit of £118 million resulting from part of the effect of rebalancing the assets, including lifetime mortgage assets, that support the shareholder-backed annuity portfolio. For UK annuity business, rebalancing of the asset portfolio backing the liabilities to policyholders may from time to time take place to align it more closely with the internal benchmark of credit quality that management applies. Such rebalancing will result in a change in the risk adjusted yield on the assets used to determine the valuation interest rate for calculating the carrying value of policyholder liabilities. In full year 2008 the amount of £118 million included in operating profit for the effect of rebalancing the portfolio was calibrated to investment conditions at 31 December 2006 i.e. prior to the exceptional spread widening in 2007 and 2008. The additional increase in the Pillar I valuation interest rate due to rebalancing at the credit spreads at which assets were traded in 2008 is reflected within non-operating profit together with, via the increase in discount rate, the additional allowance for credit risk for the portfolio as a whole as described in schedule 6d(iii).

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 6

EEV basis results - Items excluded from operating profit

Total EEV profit (loss) before tax comprises:	**Half Year 2009**	Half year 2008	Full year 2008
Operating profit based on longer-term investment returns (as analysed on schedule 3)	**1,246**	1,350	2,865
Items excluded from operating profit:			
Short-term fluctuations in investment returns (note 6a)	**(707)**	(1,868)	(4,967)
Mark to market value movements on core borrowings (note 6b)	**(108)**	171	656
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes (note 6c)	**(71)**	(98)	(14)
Effect of changes in economic assumptions and time value of cost of options and guarantees (note 6d)	**(384)**	(100)	(398)
Profit on sale and results of Taiwan agency business	**91**	(90)	(248)
Profit (loss) before tax	**67**	(635)	(2,106)

Notes

6a Short-term fluctuations in investment returns

	Half Year 2009 £m	Half year 2008 £m	Full year 2008 £m
Insurance operations:			
Asia (note 6a(i))	**101**	(455)	(903)
US (note 6a(ii))	**(304)**	(297)	(1,344)
UK (note 6a(iii))	**(363)**	(959)	(2,407)
	(566)	(1,711)	(4,654)
Other operations:			
IGD hedge costs (note 6a(iv))	**(216)**	-	-
Other (note 6a(v))	**75**	(157)	(313)
	(141)	(157)	(313)
Total	**(707)**	(1,868)	(4,967)

Notes

(i) Asian operations

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Singapore	**72**	(103)	(310)
Hong Kong	**(15)**	(59)	(284)
Vietnam	**(14)**	(151)	(82)
Other operations	**58**	(142)	(227)
	101	(455)	(903)

The short-term fluctuations in Asia reflect the effect of strong equity market performance across the region offset by the impact of negative bond returns, particularly in Hong Kong, Malaysia and Singapore. In addition in Vietnam there was a switch in the portfolio from equities to other assets in early 2009.

EEV basis results - Items excluded from operating profit

(ii) US operations (Jackson)

The short-term fluctuations in investment returns for US operations primarily reflect the impact of impairment losses on debt securities and the effects on the value of variable annuity business of adverse movements in US equity markets. The fluctuations for US operations comprise the following items:

Short-term fluctuations in investment returns	Half Year 2009 £m	Half Year 2008 £m	Full Year 2008 £m
Actual realised losses less default assumption and amortisation of interest related gains and losses for fixed income securities and related swap transactions	**(287)**	(116)	(463)
Actual less long-term return on equity based investments and other items	**(75)**	(43)	(148)
Investment return related gain (loss) due primarily to changed expectation of profits on in-force variable annuity business in future periods based on current period equity returns, net of related hedging activity for equity related products*	**58**	(138)	(733)
Total Jackson	**(304)**	(297)	(1,344)

* This gain (loss) arises due to the market returns being higher (lower) than the assumed longer-term rate of return. This gives rise to higher (lower) expected values of variable annuity assets under management with a resulting effect on the projected value of future account values and hence future profitability from altered fees. For half year 2009, the actual rate of return was approximately positive 5.3 per cent compared to the assumed longer-term rate of return of 3.55 per cent for a six month period.

(iii) UK insurance operations

The short-term fluctuations in investment returns for UK insurance operations for half year 2009 arise on the following types of business:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
With-profits (note (a))	**(270)**	(855)	(2,083)
Shareholder-backed annuity (note (b))	**(60)**	(34)	(213)
Unit-linked and other (note (c))	**(33)**	(70)	(111)
	(363)	(959)	(2,407)

(a) The short-term fluctuations in investment returns for with-profits business in half year 2009 of £(270) million represents the negative 1 per cent actual investment return on the PAC with-profits fund against an assumed rate of 3.3 per cent for a six month period.

(b) Short-term fluctuations in investment returns on shareholder-backed annuity business primarily represent value movements on assets backing the capital of the business.

(c) The charge of £(33) million relates primarily to unit-linked business and predominantly represents the capitalised loss of future fees from the fall in market values experienced during the period.

(iv) IGD hedge costs

During the severe equity market conditions experienced in the first quarter of 2009 the Group entered into additional one-off hedging contracts to hedge against potential tail-events on the IGD capital position. The vast majority of the costs related to the hedge have been incurred in the first half of 2009, with £216 million being included in the profit and loss account in this period. At 30 June 2009, the Group held equity options for this potential exposure with a fair value of £36 million. We fully anticipate that these options will be held to their expiration, with all options expiring before the end of 2009.

(v) Other operations

The credit of £75 million for other operations for half year 2009 primarily arises from unrealised value movements of £69 million in swaps held centrally to manage Group assets and liabilities.

6b **Mark to market value movements on core borrowings**

	Half Year 2009 £m	Half year 2008 £m	Full year 2008 £m
US operations	**(5)**	8	37
Other operations	**(103)**	163	619
Total	**(108)**	171	656

Core borrowings of the Group are marked to market value under EEV. The figures in the table above reflect the movement in the difference between market and IFRS carrying values. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax credit is recorded in the results in respect of the half year 2009 charge of £108 million (half year 2008: credit of £171 million; full year 2008: credit of £656 million).

Schedule 6 (continued)

EEV basis results - Items excluded from operating profit

6c Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes

The shareholder's share of actuarial and other gains and losses on defined benefit pension schemes comprises the charge of £63 million recognised on an IFRS basis and an additional £8 million being the 10 per cent share of the actuarial gains and losses attributable to the PAC with-profits funds.

6d Effect of changes in economic assumptions and time value of cost of options and guarantees

The (losses) profits on changes in economic assumptions and time value of cost of options and guarantees resulting from changes in economic factors for in-force business included within profit (loss) before tax (including actual investment returns) arise as follows:

	Half year 2009			Half year 2008			Full year 2008		
	Change in economic assumptions	**Change in time value of cost of options and guarantees**	**Total**	Change in economic assumptions	Change in time value of cost of options and guarantees	Total	Change in economic assumptions	Change in time value of cost of options and guarantees	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Asian operations (note 6d(i))	**(86)**	**(3)**	**(89)**	(33)	(12)	(45)	157	0	157
US operations (note 6d (ii))	**(60)**	**24**	**(36)**	23	2	25	267	11	278
UK insurance operations (note 6d(iii))	**(264)**	**5**	**(259)**	(78)	(2)	(80)	(783)	(50)	(833)
Total	**(410)**	**26**	**(384)**	(88)	(12)	(100)	(359)	(39)	(398)

Notes

(i) The effect of changes in economic assumptions in Asia for half year 2009 of a charge of £(86) million reflect the increases in risk discount rates and fund earned rates as shown in note 2.3 of schedule 2.

(ii) The charge for the effect of changes in economic assumptions for half year 2009 for US operations of £(60) million primarily arises as a result of the impact of an increase in the risk discount rate of £(312) million, partially offset by the impact of an increase in the variable annuity separate account return of £278 million, both movements reflecting the 130 bps increase in the 10-year treasury bond rate as shown in schedule 2.

(iii) The effect of changes in economic assumptions of a charge of £(264) million for UK insurance operations comprises the effect of:

	Shareholder-backed annuity business (note (a))	**With-profits and other business (note (b))**	**Half year 2009**	Shareholder-backed annuity business	With-profits and other business	Half year 2008	Shareholder-backed annuity business (note (c))	With-profits and other business	Full year 2008
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Effect of change in expected long-term rates of return	**(264)**	**78**	**(186)**	64	387	451	83	(1,082)	(999)
(Increase) decrease in risk discount rates	**105**	**(113)**	**(8)**	(187)	(355)	(542)	(394)	668	274
Other changes	**-**	**(70)**	**(70)**	(3)	16	13	(6)	(52)	(58)
	(159)	**(105)**	**(264)**	(126)	48	(78)	(317)	(466)	(783)

Notes

(a) The charge of £(264) million for shareholder-backed annuity business for half year 2009 reflects primarily an increase in the allowance for best estimate expected defaults included in the long-term expected rate of return.

(b) For with-profits and other business for half year 2009 the increase in fund earned rates and risk discount rates primarily reflect the increase in gilt rates of 0.4 per cent for half year 2009 as shown in note 2.3 of schedule 2.

(c) For shareholder-backed annuity business for full year 2008, the impact of the change in risk discount rates of £(394) million includes £(400) million in respect of strengthening credit risk assumptions (excluding the strengthening required in respect of the £2.8 billion rebalancing the assets portfolios). The impact of the change in portfolio yields of £83 million for full year 2008 includes a profit of £231 million in respect of the rebalancing, calculated by reference to changes in credit spreads since 31 December 2006.

Prudential PLC
2009 Unaudited Interim Results

Schedule 7

EEV basis results - Tax charge (credit) attributable to shareholders' profit / loss

	Half Year 2009 £m	Half year 2008 £m	Full year 2008 £m
Tax charge on operating profit on longer-term investment returns			
Long-term business (note 7a):			
Asian operations (note 7b)	**83**	105	322
US operations	**175**	130	205
UK insurance operations (note 7b)	**113**	139	269
	371	374	796
Other operations	**(7)**	7	(38)
Total tax charge on operating profit based on longer-term investment returns	**364**	381	758
Tax credit on short-term fluctuations in investment returns	**(155)**	(509)	(1,432)
Tax credit on shareholders' share of actuarial gains and losses on defined benefit pension schemes	**(20)**	(28)	(2)
Tax credit on effect of changes in economic assumptions and time values of cost of options and guarantees	**(137)**	(25)	(79)
Tax charge (credit) on results of Taiwan agency business	**-**	19	(16)
Total tax credit on items not included in operating profit	**(312)**	(543)	(1,529)
Tax charge (credit) on profit / loss on ordinary activities including tax on actual investment returns	**52**	(162)	(771)
Effective tax rates - operating profit	**29%**	28%	26%
- total	**78%**	26%	37%

Notes

7a The profit for the period for covered business is in most cases calculated initially at the post-tax level. The post-tax profit for covered business is then grossed up for presentation purposes at the effective rates of tax applicable to the countries and periods concerned. In the UK, the effective rate is the UK corporation tax rate of 28 per cent which took effect from 1 April 2008. For Jackson, the US federal rate of 35 per cent is applied to gross up movements on the value of in-force business. Effects on statutory tax for the period affect the overall tax rate. For Asia, similar principles apply subject to the availability of taxable profits.

7b Including tax relief on Asia development expenses and restructuring costs borne by UK insurance operations.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 8

EEV basis results - Shareholders' funds summary by business unit

	Half Year 2009 £m	Half year 2008 £m	Full year 2008 £m
Asian operations			
Long-term business (note 8a)			
Net assets of operations – EEV basis shareholders' funds	**5,164**	3,705	5,264
Acquired goodwill (note 8e)	**80**	111	111
Asset management (note 8g)			
Net assets of operations	**144**	126	167
Acquired goodwill (note 8e)	**61**	61	61
	5,449	4,003	5,603
US operations			
Jackson (net of surplus note borrowings of £140 million (half year 2008 : £139 million; full year 2008: £154 million) (note 8f)			
Shareholders' funds before capital charge	**3,918**	3,703	4,357
Capital charge (note 8d)	**(66)**	(79)	(18)
EEV basis shareholders' funds	**3,852**	3,624	4,339
Broker-dealer and asset management operations (note 8g)	**101**	85	114
	3,953	3,709	4,453
UK operations (notes 8a and 8b)			
Insurance operations:			
Long-term business operations			
Smoothed shareholders' funds (note 8c)	**5,022**	6,045	5,437
Actual shareholders' funds less smoothed shareholders' funds	**(364)**	(99)	(518)
EEV basis shareholders' funds	**4,658**	5,946	4,919
Other	**19**	10	-
	4,677	5,956	4,919
M&G (note 8g)			
Net assets of operations	**178**	193	147
Acquired goodwill (note 8e)	**1,153**	1,153	1,153
	6,008	7,302	6,219
Other operations			
Holding company net borrowings at market value (note 8f)	**(861)**	(702)	(818)
Other net liabilities (note 8g)	**(829)**	(335)	(501)
	(1,690)	(1,037)	(1,319)
	13,720	13,977	14,956

Notes

8a A charge is deducted from the annual result and embedded value for the cost of capital supporting the Group's long-term business operations. This capital is referred to as encumbered capital. The cost is the difference between the nominal value of the capital and the discounted value of the projected releases of this capital allowing for investment earnings (net of tax) on the capital. Where encumbered capital is held within a with-profits sub-fund, the value placed on surplus assets in the fund is already discounted to reflect its release over time and no further adjustment is necessary in respect of encumbered capital.

8b The proportion of surplus allocated to shareholders from the UK with-profits business has been based on the present level of 10 per cent. Future bonus rates have been set at levels which would fully utilise the assets of the with-profits fund over the lifetime of the business in force.

8c UK long-term business smoothed shareholders' funds reflect an adjustment to the assets of the PAC with-profits fund, for the purposes of determining the unwind of discount included in operating profits, to remove the short-term volatility in market values of assets. Shareholders' funds in the summary statement of financial position are determined on an unsmoothed basis.

Schedule 8 (continued)

EEV basis results - Shareholders' funds summary by business unit

8d In determining the cost of capital for Jackson, it has been assumed that an amount at least equal to 235 per cent of the risk-based capital required by the National Association of Insurance Commissioners (NAIC) at the Company Action Level must be retained. The related capital charge reflects the assumptions discussed in note 2.3 of schedule 2, together with the adjustments to required capital described in note 5c(ii) on schedule 5.

8e Under IFRS, goodwill is not amortised, but is subject to impairment testing. Goodwill attached to venture fund investment subsidiaries of the PAC with-profits fund that are consolidated under IFRS is not included in the table above as the goodwill attaching to these companies is not relevant to the analysis of shareholders' funds. The reduction in goodwill in half year 2009 reflects the write off of goodwill of £44 million attaching to the sold Taiwan agency business plus £13 million for other adjustments.

8f Net core structural borrowings of shareholder-financed operations comprise:

	Half year 2009			Half year 2008			Full year 2008		
	IFRS	**Mark to market value adjustment**	**EEV**	IFRS	Mark to market value adjustment	EEV	IFRS	Mark to market value adjustment	EEV
	£m	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Holding company*:									
Cash and short-term investments	**1,252**	**–**	**1,252**	1,498	–	1,498	1,165	–	1,165
Core structural borrowings - Central funds	**(2,747)**	**634**	**(2,113)**	(2,401)	201	(2,200)	(2,785)	802	(1,983)
Holding company net borrowings	**(1,495)**	**634**	**(861)**	(903)	201	(702)	(1,620)	802	(818)
Jackson:									
Core structural borrowings	**(152)**	**12**	**(140)**	(125)	(14)	(139)	(173)	19	(154)
	(1,647)	**646**	**(1,001)**	(1,028)	187	(841)	(1,793)	821	(972)

*Including central finance subsidiaries

Note

EEV basis holding company borrowings comprising:

	Half Year 2009	Half year 2008	Full year 2008
	£m	£m	£m
Perpetual subordinated capital securities (Innovative Tier 1)	**(612)**	(633)	(513)
Subordinated debt (Lower Tier 2)	**(1,056)**	(786)	(737)
Senior debt	**(445)**	(781)	(733)
	(2,113)	(2,200)	(1,983)

In accordance with the EEV Principles, core borrowings are carried at market value.

8g With the exception of the share of pension scheme deficit attributable to the PAC with-profits fund, which is included in 'Other operations' net liabilities, these amounts have been determined on the statutory IFRS basis.

The overall pension scheme deficit, net of tax, attributable to shareholders relating to the Prudential Staff Pension and Scottish Amicable Pension schemes is determined as shown below:

	Half Year 2009	Half year 2008	Full year 2008
	£m	£m	£m
IFRS basis deficit (relating to shareholder-backed operations)	**(69)**	(71)	(31)
Additional EEV deficit (relating to shareholders' 10 per cent share of the IFRS basis deficit attributable to the PAC with-profits fund)	**(11)**	(12)	(6)
EEV basis	**(80)**	(83)	(37)

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 9

EEV basis results - Reconciliation of movement in shareholders' funds for half year 2009

	Schedule cross reference	Long-term business operations: Asian operations	Long-term business operations: US operations	Long-term business operations: UK Insurance operations	Long-term business operations: Total long-term business operations	Other operations	Group total
	£m	£m	£m	£m	£m	£m	£m
Operating profit based on longer-term investment returns							
Long-term business:							
New business	4	277	292	122	691		691
Business in force	5	124	209	284	617		617
		401	501	406	1,308		1,308
Asia development expenses		(5)			(5)		(5)
UK general insurance commission						27	27
M&G						102	102
Asian asset management operations						21	21
US broker-dealer and asset management						2	2
Other income and expenditure						(195)	(195)
Restructuring costs				(9)	(9)	(5)	(14)
Operating profit based on longer-term investment returns	3	396	501	397	1,294	(48)	1,246
Short-term fluctuations in investment returns	6	101	(304)	(363)	(566)	(141)	(707)
Mark to market value movements on core borrowings	6		(5)		(5)	(103)	(108)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	6					(71)	(71)
Effect of changes in economic assumptions and time value of cost of options and guarantees	6	(89)	(36)	(259)	(384)	–	(384)
Profit on sale and results for Taiwan agency business	12	148			148	(57)	91
Profit (loss) before tax (including actual investment returns)		556	156	(225)	487	(420)	67
Tax (charge) credit attributable to shareholders' profit / loss							
Tax on operating profit		(83)	(175)	(113)	(371)	7	(364)
Tax on short-term fluctuations in investment returns		(13)	13	99	99	56	155
Tax on shareholders' share of actuarial and other gains and losses on defined benefit pension schemes						20	20
Tax on effect of changes in economic assumptions and time value of cost of options and guarantees		53	12	72	137	–	137
Total tax (charge) credit	7	(43)	(150)	58	(135)	83	(52)
Minority interests						(1)	(1)
Profit (loss) for the period		513	6	(167)	352	(338)	14
Exchange movements (note 9a)		(686)	(552)		(1,238)	140	(1,098)
Related tax						(6)	(6)
Intra group dividends (including statutory transfer)		(32)		(106)	(138)	138	–
External dividends						(322)	(322)
Reserve movements in respect of share-based payments						18	18
Investment in operations (note 9b)		97		19	116	(116)	–
Other transfers (note 9d)		8	(4)	(7)	(3)	3	–
Movement in own shares in respect of share-based payment plans						7	7
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS						(8)	(8)
New share capital subscribed						96	96
Mark to market value movements on Jackson assets backing surplus and required capital			63		63		63
Net decrease in shareholders' equity		(100)	(487)	(261)	(848)	(388)	(1,236)
Shareholders' equity at 1 January 2009		5,264	4,339	4,919	14,522	434	14,956
Shareholders' equity at 30 June 2009	8	5,164	3,852	4,658	13,674	46	13,720

Prudential PLC
2009 Unaudited Interim Results

Schedule 9 (continued)

EEV basis results - Reconciliation of movement in shareholders' funds for half year 2009

	Schedule cross reference	Long-term business operations: Asian operations	US operations	UK Insurance operations	Total long-term business operations	Other operations	Group total
	£m	£m	£m	£m	£m	£m	£m
Analysed as:							
Statutory IFRS basis shareholders' equity	17.1	1,576	2,046	1,730	5,352	(632)	4,720
Additional retained profit on an EEV basis		3,588	1,806	2,928	8,322	678	9,000
EEV basis shareholders' equity at 30 June 2009 (note 9c)	8	5,164	3,852	4,658	13,674	46	13,720
Comprising:							
Free surplus		884	228	253	1,365		
Required capital		415	1,464	920	2,799		
Value of in-force business before deduction of cost of capital and of guarantees		4,028	2,516	3,776	10,320		
Cost of capital		(157)	(66)	(209)	(432)		
Cost of time value of guarantees		(6)	(290)	(82)	(378)		
		5,164	3,852	4,658	13,674		

Notes

9a Profits are translated at average exchange rates, consistent with the method applied for statutory IFRS basis results. The amounts recorded above for exchange rate movements reflect the difference between year end 2008 and 30 June 2009 exchange rates as applied to shareholders' funds at 1 January 2009 and the difference between 30 June 2009 and average half year 2009 rates for profits.

9b Investment in operations reflects increases in share capital.

9c For the purposes of the table above, goodwill related to Asia long-term operations (as shown on schedule 8) is included in Other operations.

9d Other transfers (from) to long-term business operations to other operations represent:

	Asian operations	US operations	UK insurance operations	Total long-term business operations
	£m	£m	£m	£m
Adjustment for net of tax asset management projected profits of covered business	(3)	(1)	(7)	(11)
Other adjustments	11	(3)	-	8
	8	(4)	(7)	(3)

Prudential PLC
2009 Unaudited Interim Results

Schedule 10

EEV basis results - Reconciliation of half year 2009 movement in net worth and value of in-force business (note 10a)

Summary by business unit

	Free surplus (note 10d) £m	Required capital £m	Total net worth £m	Value of in-force business (note10e) £m	Total long-term business £m
Shareholders' equity at 1 January 2009	447	4,117	4,564	9,958	14,522
New business contribution (note 10b)	(331)	220	(111)	590	479
Existing business - transfer to net worth	792	(198)	594	(594)	-
Expected return on existing business	47	48	95	408	503
Changes in operating assumptions and experience variances	(37)	(12)	(49)	(10)	(59)
Profit on sale and results for Taiwan agency business	987	(1,232)	(245)	393	148
Increase in capital requirements for US operations arising from impairments and credit downgrades (note 10f)	(262)	262	-		-
Changes in non-operating assumptions and experience variances and minority interests	(239)	(73)	(312)	(407)	(719)
Profit on ordinary activities after tax and minority interests from long-term business operations	957	(985)	(28)	380	352
Exchange movements	(77)	(333)	(410)	(828)	(1,238)
Intragroup dividends (including statutory transfer) and investment in operations	(22)		(22)		(22)
Mark to market value movements on Jackson assets backing surplus and required capital	63		63		63
Other transfers from net worth (note 10g)	(3)		(3)		(3)
Shareholders' equity at 30 June 2009	1,365	2,799	4,164	9,510	13,674

Representing:
Asian operations

	Free surplus (note 10d) £m	Required capital £m	Total net worth £m	Value of in-force business (note10e) £m	Total long-term business £m
Shareholders' equity at 1 January 2009	(240)	1,789	1,549	3,715	5,264
New business contribution	(118)	29	(89)	292	203
Existing business - transfer to net worth	191		191	(191)	-
Expected return on existing business	35	3	38	162	200
Changes in operating assumptions and experience variances	(33)	(8)	(41)	(49)	(90)
Profit on sale and results for Taiwan agency business	987	(1,232)	(245)	393	148
Changes in non-operating assumptions and experience variances and minority interests	29	(36)	(7)	59	52
Profit on ordinary activities after tax and minority interests for long-term business	1,091	(1,244)	(153)	666	513
Exchange movements	(40)	(130)	(170)	(516)	(686)
Intra-group dividends (including statutory transfer) and investment in operations	65		65		65
Other transfers to net worth	8		8		8
Shareholders' equity at 30 June 2009	884	415	1,299	3,865	5,164

Prudential PLC
2009 Unaudited Interim Results

Schedule 10 (continued)

EEV basis results - Reconciliation of half year 2009 movement in net worth and value of in-force business

US operations

	Free surplus (note 10d) £m	Required capital £m	Total net worth £m	Value of in-force business (note10e) £m	Total long-term business £m
Shareholders' equity at 1 January 2009	501	1,400	1,901	2,438	4,339
New business contribution	(168)	149	(19)	209	190
Existing business - transfer to net worth	363	(166)	197	(197)	-
Expected return on existing business	9	25	34	58	92
Changes in operating assumptions and experience variances	56	(3)	53	(9)	44
Increase in capital requirements for US operations arising from impairments and credit downgrades (note 10f)	(262)	262	-		-
Changes in non-operating assumptions and experience variances and minority interests (note 10f)	(293)		(293)	(27)	(320)
Profit on ordinary activities after tax and minority interests for long-term business	(295)	267	(28)	34	6
Exchange movements	(37)	(203)	(240)	(312)	(552)
Mark to market value movements on Jackson assets backing surplus and required capital	63		63		63
Other transfers from net worth	(4)		(4)		(4)
Shareholders' equity 30 June 2009	228	1,464	1,692	2,160	3,852

UK insurance operations

	Free surplus (note 10d) £m	Required capital £m	Total net worth £m	Value of in-force business (note10e) £m	Total long-term business £m
Shareholders' equity at 1 January 2009	186	928	1,114	3,805	4,919
New business contribution	(45)	42	(3)	89	86
Existing business – transfer to net worth	238	(32)	206	(206)	-
Expected return on existing business	3	20	23	188	211
Changes in operating assumptions and experience variances	(60)	(1)	(61)	48	(13)
Changes in non-operating assumptions and experience variances and minority interests	25	(37)	(12)	(439)	(451)
(Loss) on ordinary activities after tax and minority interests for long-term business	161	(8)	153	(320)	(167)
Intra-group dividends (including statutory transfer) and investment in operations	(87)		(87)		(87)
Other transfers from net worth	(7)		(7)		(7)
Shareholders' equity at 30 June 2009	253	920	1,173	3,485	4,658

Schedule 10 (continued)

EEV basis results - Reconciliation of half year 2009 movement in net worth and value of in-force business

Notes

10a All figures shown are net of tax.

10b The movements arising from new business contribution are as follows:

	Half year 2009	Half year 2008	Full year 2008
	£m	£m	£m
Free surplus	(331)	(350)	(806)
Required capital	220	213	472
Total net worth	(111)	(137)	(334)
Value of in-force business	590	532	1,189
Total long-term business (schedule 4)	479	395	855

10c New business capital usage

	Free surplus	**Annual Premium Equivalent (APE) (Schedule 4)**	**New business Capital usage Per £100m APE**
	£m	**£m**	**%**
Asian operations	**(118)**	**553**	**21**
US operations	**(168)**	**392**	**43**
UK insurance operations	**(45)**	**376**	**12**
	(331)	**1,321**	**25**

10d Free surplus is the market value of the net worth in excess of the capital required to support the covered business. Where appropriate, adjustments are made to the regulatory basis net worth from the local regulatory basis so as to include backing assets movements at fair value rather than cost so as to comply with the EEV principles.

10e Value of in-force business includes the value of future margins from current in-force business less the cost of holding encumbered capital.

10f The £262 million adjustment in US operations reflects an increase in required capital driven by impairment and credit downgrades. Separately, changes in non-operating assumptions and experience variances include the effect of impairments and credit downgrades in excess of the expected long-term level reflected within operating profit.

10g Other transfers from net worth

	Half year 2009 (as per note 9d on schedule 9)
	£m
Adjustment for net of tax asset management projected profits of covered business	(11)
Other adjustments	8
	(3)

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 11

EEV basis results - Sensitivity of results to alternative assumptions

1. Sensitivity to changes in economic assumptions

The tables below show the sensitivity of the embedded value as at 30 June 2009 (31 December 2008) and the new business contribution after the effect of encumbered capital for half year 2009 and full year 2008 to:

- 1 per cent increase in the discount rates
- 1 per cent increase and decrease in interest rates, including all consequential changes (assumed investment returns for all assets classes, market values of fixed interest assets, risk discount rates)
- 1 per cent rise in equity and property yields
- 10 per cent fall in market value of equity and property assets (not applicable for new business contribution); and
- Holding company statutory minimum capital (by contrast to economic capital)

In each sensitivity calculation, all other assumptions remain unchanged except where they are directly affected by the revised economic conditions.

	Asian operations (excluding Taiwan agency business) £m	US operations £m	UK insurance operations £m	Total long-term business operations £m
New business profit for half year 2009	277	292	122	691
As reported (schedule 4)				
Discount rates - 1% increase	(37)	(22)	(21)	(80)
Interest rates - 1% increase	(1)	4	0	3
Interest rates - 1% decrease	3	(18)	0	(15)
Equity/property yields - 1% rise	12	16	7	35
Long-term expected defaults – 5 bps increase	-	-	(5)	(5)
Embedded value of long-term operations at 30 June 2009	5,164	3,852	4,658	13,674
As reported (schedule 9)				
Discount rates - 1% increase	(452)	(161)	(326)	(939)
Interest rates - 1% increase	(144)	(156)	(80)	(380)
Interest rates - 1% decrease	242	85	105	432
Equity/property yields - 1% rise	234	83	253	570
Equity/property market values - 10% fall	(88)	(28)	(331)	(447)
Statutory minimum capital*	0	42	6	48
Long-term expected defaults – 5 bps increase	-	-	(65)	(65)
Risk Margin Reserve – 10 bps increase	-	(40)	-	(40)

* For Asian operations, following the sale of the Taiwan agency business, this sensitivity relates to Japan.

Prudential PLC
2009 Unaudited Interim Results

Schedule 11 (continued)

EEV basis results - Sensitivity of results to alternative assumptions

	Asian operations (excluding Taiwan agency business) £m	US operations £m	UK insurance operations £m	Total long-term business operations £m	Taiwan agency business £m	Total long-term business operations (as previously published) £m
New business profit for full year 2008						
As reported (schedule 4)	634	293	273	1,200	107	1,307
Discount rates - 1% increase	(74)	(25)	(52)	(151)	(14)	(165)
Interest rates - 1% increase	(19)	21	(5)	(3)	(1)	(4)
Interest rates - 1% decrease	23	(47)	6	(18)	-	(18)
Equity/property yields - 1% rise	26	28	15	69	4	73
Embedded value of long-term operations at 31 December 2008						
As reported (schedule 9)	5,487	4,339	4,919	14,745	(223)	14,522
Discount rates - 1% increase	(454)	(170)	(361)	(985)	(110)	(1,095)
Interest rates - 1% increase	(126)	(123)	(98)	(347)	126	(221)
Interest rates - 1% decrease	146	19	121	286	(182)	104
Equity/property yields - 1% rise	240	114	276	630	54	684
Equity/property market values - 10% fall	(94)	(117)	(381)	(592)	(35)	(627)
Statutory minimum capital*	1	11	5	17	512	529

* For Asian operations, following the sale of the Taiwan agency business, this sensitivity relates to Japan.

Prudential PLC
2009 Unaudited Interim Results

Schedule 12

Sale of legacy agency book and agency force in Taiwan to China Life Insurance of Taiwan

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Profit on sale and results of Taiwan agency business	**91**	(90)	(248)

(i) Half year 2009
On 20 February 2009 the Group announced the intended sale of the agency business of its Taiwan life operation to China Life Insurance of Taiwan for consideration of NT$1. The economic transfer date for the purposes of determining the net assets transferred was 28 February 2009. The sale was completed, following regulatory approval on 19 June 2009.

The profit on sale comprises:

	£m
Proceeds	-
Net asset value attributable to equity holders of Company and provision for restructuring costs	134
Goodwill written off	(44)
Estimate as announced on 20 February 2009	90
Plus: effect of completion and other adjustments	1
	91
Representing:	
Profit arising from long-term business operations (schedule 9)	148
Goodwill written off	(44)
Adjustments in respect of restructuring costs borne by non-covered business	(13)
	91

(ii) Half year and full year 2008 comparatives
The results for half year 2008 and full year 2008 of £(90) million and £(248) million respectively comprise the total result for the sold business i.e. including operating profit; short-term fluctuations in investment returns, and the effect of changes in economic assumptions and the time-value of cost of options and guarantees.

Prudential PLC
2009 Unaudited Interim Results

Schedule 13.1

Half year 2009

IFRS basis results - Earnings per share and net asset value per share

Basic earnings per share (note 13.1a)	Operating profit based on longer-term investment returns £m	Short-term fluctuations in investment returns £m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes (Schedule 21) £m	Loss on sale and results for Taiwan agency business £m	Loss for the period from continuing operations £m
Profit (loss) before tax	688	(80)	(63)	(621)	(76)
Tax (Schedule 16)	(181)	(36)	17	18	(182)
Profit (loss) after tax	507	(116)	(46)	(603)	(258)
Minority interests	4	–	–	–	4
Profit (loss) after tax and minority interests	511	(116)	(46)	(603)	(254)
Earnings per share (pence)	20.5	(4.7)	(1.8)	(24.2)	(10.2)

Notes

13.1a The average number of shares for half year 2009 was 2,489 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

Net asset value per share	Schedule reference	Half year 2009
Closing equity shareholders' funds	20	£4,720m
Net asset value per share attributable to equity shareholders (note 13.1b)		187p

13.1b Based on the closing issued share capital as at 30 June 2009 of 2,524 million shares

Prudential PLC
2009 Unaudited Interim Results

Schedule 13.2

Half year 2008

IFRS basis results - Earnings per share and net asset value per share

Basic earnings per share (note 13.2a)	Operating profit based on longer-term investment returns £m	Short-term fluctuations in investment returns £m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes £m	Results of sold Taiwan agency business £m	Loss for the period from continuing operations £m
Profit (loss) before tax:					
As previously reported	674	(684)	(92)		(102)
Presentational change for sold Taiwan agency business	(27)	67	–	(40)	–
As adjusted	647	(617)	(92)	(40)	(102)
Tax (Schedule 16)	(187)	155	26	(6)	(12)
Profit (loss) after tax	460	(462)	(66)	(46)	(114)
Minority interests	(2)	(1)	–	1	(2)
Profit (loss) after tax and minority interests	458	(463)	(66)	(45)	(116)
Earnings per share (pence)	18.6	(18.8)	(2.7)	(1.8)	(4.7)

Notes

13.2a The average number of shares for half year 2008 was 2,465 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

Net asset value per share	Schedule reference	Half year 2008
Closing equity shareholders' funds	20	£5,552m
Net asset value per share attributable to equity shareholders (note 13.2b)		223p

13.2b Based on the closing issued share capital as at 30 June 2008 of 2,491 million shares

Schedule 13.3

Full year 2008

IFRS basis results - Earnings per share and net asset value per share

Basic earnings per share (note 13.3a)	Operating profit based on longer-term investment returns £m	Short-term fluctuations in investment returns £m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes £m	Results of sold Taiwan agency business £m	Loss for the year from continuing operations £m
Profit (loss) before tax:					
As previously reported	1,347	(1,783)	(14)		(450)
Presentational change for sold Taiwan agency business	(64)	62	1	1	–
As adjusted	1,283	(1,721)	(13)	1	(450)
Tax (Schedule 16)	(292)	352	3	(4)	59
Profit (loss) after tax	991	(1,369)	(10)	(3)	(391)
Minority interests	(4)	(1)	–	–	(5)
Profit (loss) after tax and minority interests	987	(1,370)	(10)	(3)	(396)
Earnings per share (pence)	39.9	(55.4)	(0.4)	(0.1)	(16.0)

Notes

13.3a The average number of shares for 2008 was 2,472 million. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

Net asset value per share	Schedule reference	Full year 2008
Closing equity shareholders' funds	20	£5,058m
Net asset value per share attributable to equity shareholders (note 13.3b)		203p

13.3b Based on the closing issued share capital as at 31 December 2008 of 2,497 million shares

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.1

IFRS basis results - Analysis of pre-tax IFRS operating profit by driver

(a) Analysis of long-term insurance pre-tax IFRS operating profit by driver

This schedule classifies the Group's pre-tax operating earnings from long-term insurance operations into the underlying drivers of those profits, using the following categories:

(i) Investment spread - this represents the difference between investment income (or premium income in the case of the UK annuities new business) and amounts credited to policyholder accounts.

(ii) Asset management fees - this represents profits driven by investment performance, being asset management fees that vary with the size of the underlying policyholder funds net of investment management expenses and profits derived from spread.

(iii) Net expense margin – this represents expenses charged to the profit and loss account (excluding those borne by the with-profits fund and those products where earnings are purely protection driven) including amounts relating to movements in deferred acquisition costs, net of any fees or premium loadings related to expenses. Jackson DAC amortisation (net of hedging effects), which is intended to be part of the expense margin, has been separately highlighted in the table below.

(iv) Insurance margin - profits derived from the insurance risks of mortality, morbidity and persistency including fees earned on variable annuity guarantees.

(v) With-profits business - shareholders' transfer from the with-profits fund in the period.

(vi) Other represents a mixture of other income and expenses that are not directly allocated to the underlying drivers, including non-recurring items e.g. Malaysia RBC credit.

(b) Analysis of Group pre-tax IFRS operating profit by driver

An analysis of Group pre-tax IFRS operating profit has also been provided and is based on the long-term insurance operation tables below with the following additions:
• The results of Group asset management operations have been included within asset management fees.
• UK general insurance commission of £27 million (half year 2008: £14 million; full year 2008: £44 million) has been included within the other income line.
• Group Head Office (GHO) expenses consist of other operating income and expenditure and UK restructuring costs.

IFRS Operating profit

	Half year 2009				
	Long-term business	**Non-long term business**	**Group total**	Half year 2008	Full year 2008
	£m	**£m**	**£m**	£m	£m
Investment spread	**514**		**514**	422	748
Asset management fees (schedule 15)	**203**	**125**	**328**	402	751
Net expense margin	**(209)**		**(209)**	(249)	(389)
DAC amortisation (Jackson only)	**(160)**		**(160)**	(165)	(450)
Net Insurance margin	**217**		**217**	127	308
With-profits business	**158**		**158**	210	425
Other	**4**	**27**	**31**	24	178
GHO expenses	**–**	**(191)**	**(191)**	(124)	(288)
Total	**727**	**(39)**	**688**	647	1,283

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.1 (continued)

(c) Analysis of pre-tax IFRS operating profit by driver by long-term business unit

	Half year 2009 £m			
	Asia	**US**	**UK**	**Total**
Investment spread	**35**	**314**	**165**	**514**
Asset management fees	**34**	**142**	**27**	**203**
Net expense margin	**(68)**	**(105)**	**(36)**	**(209)**
DAC amortisation (Jackson only) (schedule 14.3)		**(160)**		**(160)**
Net insurance margin	**137**	**97**	**(17)**	**217**
With-profits business	**11**	**–**	**147**	**158**
Non-recurrent release of reserves for Malaysia Life operations	**63**	**–**	**–**	**63**
Other (note14.1a)	**(5)**	**(71)**	**17**	**(59)**
Total	**207**	**217**	**303**	**727**

	Half year 2008 £m			
	Asia	US	UK	Total
Investment spread	36	261	125	422
Asset management fees	31	148	42	221
Net expense margin	(95)	(93)	(61)	(249)
DAC amortisation (Jackson only) (schedule 14.3)		(165)		(165)
Net insurance margin	91	35	1	127
With-profits business	12	–	198	210
Other (note14.1a)	(3)	46	(33)	10
Total	72	232	272	576

	Full year 2008 £m			
	Asia	US	UK	Total
Investment spread	54	550	143	747
Asset management fees	54	292	57	403
Net expense margin	(79)	(192)	(114)	(385)
DAC amortisation (Jackson only) (schedule 14.3)		(450)		(450)
Net insurance margin	198	122	(12)	308
With-profits business	30	–	395	425
Other (note14.1a)	(26)	84	76	134
Total	231	406	545	1,182

Notes

14.1a Asia other includes development expenses of £5 million (half year 2008: £3 million; full year 2008: £26 million).

14.1b Sale of Taiwan agency business

In order to facilitate comparisons of operating profit based on longer-term investment returns that reflect the Group's retained operations, the results attributable to the Taiwan agency business for which the sale process was completed in June 2009 are included separately within the analysis of profit. Only the operating profit based on longer-term investments of the retained bancassurance business in Taiwan is included in the analysis above.

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.2

IFRS basis results - operating profit (loss) based on longer-term investment returns for Asian operations

Operating profit (loss) based on longer-term investment returns for Asian operations are analysed as follows:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
China	**1**	(1)	(3)
Hong Kong	**25**	16	33
India	**(4)**	(14)	(6)
Indonesia	**42**	24	55
Japan	**(5)**	(7)	3
Korea	**(6)**	(8)	12
Malaysia			
– underlying results	**32**	19	46
– Exceptional credit for Malaysia operations (note14.2d)	**63**	–	–
Philippines	**1**	3	5
Singapore	**51**	39	83
Taiwan bancassurance business (note 14.2a)	**(3)**	(3)	(4)
Thailand	**1**	(1)	(2)
Vietnam	**14**	12	37
Prudential Services Asia	**–**	(4)	(2)
Total insurance operations (note 14.2b)	**212**	75	257
Development expenses	**(5)**	(3)	(26)
Total long-term business operating profit (schedule 14.1c)	**207**	72	231
Asset management	**21**	29	52
Total Asian operations (note 14.2c)	**228**	101	283

Notes

14.2a Sale of Taiwan agency business
In order to facilitate comparisons of operating profit based on longer-term investment returns that reflect the Group's retained operations, the results attributable to the Taiwan agency business for which the sale process was completed in June 2009 are included separately within the analysis of profit. Only the operating profit based on longer-term investments of the retained bancassurance business in Taiwan is included in the analysis above.

14.2b Analysis of operating profit between new and in-force business
The result for insurance operations comprises amounts in respect of new business and business in-force as follows:

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
New business strain	**(47)**	(71)	(97)
Business in force	**259**	146	354
Total	**212**	75	257

The IFRS new business strain corresponds to approximately 8 per cent of new business APE premiums for half year 2009 (half year 2008: approximately 11 per cent of new business APE; full year 2008: approximately 8 per cent of new business APE).

The strain represents the aggregate of the pre-tax regulatory basis strain to net worth and IFRS adjustments for deferral of acquisition costs and deferred income where appropriate.

Schedule 14.2
(continued)

14.2c Deferral and amortisation of acquisition costs

Under IFRS, the basis of accounting for insurance assets and liabilities reflects 'grandfathered' GAAP under the Modified Statutory Basis. In general, this requires the deferral and amortisation of acquisition costs in line with the emergence of margins. At full year 2008, the basis of deferral and amortisation was adjusted for a number of territories to better reflect the MSB requirement as follows:

For the India life operation, prior to full year 2008, reflecting the initial development stage of the business, acquisition costs had previously not been deferred. In full year 2008 £19 million of deferred acquisition costs, net of amortisation in the year, were established.

For the Korea life business, the deferral of acquisition costs had prior to full year 2008 followed the local regulatory basis as being an appropriate proxy for the MSB basis. The regulatory basis is subject to constraints in respect of assumptions for expense loadings, the amortisation period, and the DAC balance not being higher than the cash surrender value. This basis is no longer appropriate and, on adjusting the basis at full year 2008, £9 million of DAC was established that reflected a revised estimate of the 1 January 2008 balance, and a credit of £26 million for full year 2008 acquisition costs (net of amortisation) was recognised in the income statement in applying the more appropriate basis.

For Singapore, refinements were made at full year 2008 resulting in a £21 million benefit in that year (of which £7 million relates to the 1 January 2008 position) where the local risk based capital approach does not provide an appropriate basis of implicit allowance for acquisition costs for certain products.

In Hong Kong, adjustments were made at full year 2008 with a net overall effect of £10 million.

The half year 2009 results reflect these improvements. With the exception of Korea and Hong Kong, the comparatives for half year 2008 were prepared on a broadly similar basis. For these two territories, if the current basis had been applied the half year 2008 result would have been £7 million higher.

14.2d Asian insurance operations: Exceptional credit of £63 million regarding the liability measurement for Malaysia long-term business

For the Malaysia life business, under the basis applied previously, 2008 IFRS basis liabilities were determined on the local regulatory basis using prescribed interest rates such that a high degree of prudence resulted. As of 1 January 2009, the local regulatory basis has been replaced by the Malaysian authority's risk-based capital (RBC) framework. In the light of this development; the Company has re-measured the liabilities by reference to the method applied under the new RBC framework, which is more realistic than the previous approach, but with an overlay constraint to the method such that negative reserves derived at an individual policyholder level are not included. This change has resulted in a one-off release from liabilities at 1 January 2009 of £63 million.

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.3

Results and movements on shareholders' equity
US insurance operations

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Operating profits based on longer-term investment returns (note 14.3a)	**217**	232	406
Short-term fluctuations in investment returns (note 14.3b)	**165**	(181)	(1,058)
Profit (loss) before shareholder tax	**382**	51	(652)
Tax (schedule 16)	**(176)**	(3)	72
Profit (loss) for the period	**206**	48	(580)

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Profit (loss) for the period (as above)	**206**	48	(580)
Items recognised directly in equity as part of other comprehensive income:			
Exchange movements	**(278)**	–	545
Unrealised valuation movements on securities classified as available-for-sale:			
Unrealised holding gains (losses) arising during the period	**662**	(774)	(2,482)
Add back net losses included in the income statement on disposal and impairment	**146**	97	378
Total unrealised valuation movements	**808**	(677)	(2,104)
Related change in amortisation of deferred income and acquisition costs	**(235)**	244	831
Related tax	**(150)**	148	442
Total other comprehensive income (loss)	**145**	(285)	(286)
Total comprehensive income (loss) for the period	**351**	(237)	(866)
Transfers to central companies	**(3)**	8	(126)
Net increase (decrease) in equity	**348**	(229)	(992)
Shareholders' equity at beginning of period	**1,698**	2,690	2,690
Shareholders' equity at end of period	**2,046**	2,461	1,698

Notes

14.3a Operating profits based on longer-term investment returns

(i) Longer-term investment returns

IFRS basis operating profits for US operations include the following amounts (net of related change in amortisation of deferred acquisition costs, where applicable) so as to derive longer-term investment returns.

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Debt securities:			
Amortisation of interest related realised gains and losses*	**27**	13	24
Risk margin reserve charge for longer-term credit related losses*	**(33)**	(18)	(41)
Equity type investments:			
Longer-term returns	**37**	18	62

* net of related change in amortisation of deferred acquisition costs

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.3
(continued)

The risk margin reserve (RMR) charge for longer-term credit related losses for half year 2009 is based on an average annual RMR of 28 basis points (half year 2008: 22 basis points; full year 2008: 23 basis points) on a book value of US$44.1bn (half year 2008: US$43.2 bn; full year 2008: US$43.8bn) as shown below:

	Half year 2009				Half year 2008				Full year 2008			
Moody's rating category	**Book value**	**RMR**	**Annual expected losses**		Book value	RMR	Annual expected losses		Book value	RMR	Annual expected losses	
	US$m	**Bps**	**US$m**	**£m**	US$m	Bps	US$m	£m	US$m	Bps	US$m	£m
A3 or higher	**19,780**	**0.02**	**(4)**	**(3)**	21,147	0.03	(6)	(3)	21,098	0.03	(6)	(3)
Baa1, 2 or 3	**20,955**	**0.22**	**(47)**	**(32)**	19,667	0.23	(44)	(22)	20,145	0.23	(46)	(25)
Ba1, 2 or 3	**1,947**	**1.17**	**(23)**	**(16)**	1,588	1.07	(16)	(8)	1,635	1.11	(18)	(10)
B1, 2 or 3	**609**	**2.86**	**(17)**	**(11)**	479	2.80	(13)	(6)	514	2.80	(14)	(8)
Below B3	**769**	**3.93**	**(30)**	**(20)**	354	4.00	(14)	(7)	373	3.98	(15)	(8)
Total	**44,060**	**0.28**	**(121)**	**(82)**	43,235	0.22	(93)	(46)	43,765	0.23	(99)	(54)
Related change to amortisation of deferred acquisition costs			**23**	**16**			22	11			23	13
Risk margin reserve charge for longer-term credit related losses			**(98)**	**(66)**			(71)	(35)			(76)	(41)

The longer-term rates of return for equity-type investments are currently based on spreads over 10 year US treasury rates of 400 to 600 basis points. The longer-term rates of return for equity-type investments ranged from 7.6 per cent to 9.6 per cent at 30 June 2009, 8.0 per cent to 10.0 per cent at 30 June 2008 and 6.3 per cent to 8.4 per cent at 31 December 2008 depending on the type of investments.

Market value movements on equity-based derivatives and embedded derivatives are also recorded within operating profits based on longer-term investment returns so as to be consistent with the market related effects on fees and reserve movements for equity-based products. For fixed annuity and other general account business, the debt securities are categorised as available-for-sale with movements in unrealised appreciation booked in equity. The measurement of the liabilities are broadly insensitive to market movements. The value movements on the derivative programme for this business is required to be fair valued with changes in value recorded in the income statement. In order not to misrepresent the operating profit, the value movements of the derivatives are recorded in short-term fluctuations in investment returns as shown below in note 14.3b.

(ii) US variable annuity business - amortisation of deferred acquisition costs

The operating results of the Group's US insurance operations are affected by the incidence of amortisation of deferred acquisition costs.

Under IFRS 4, the Group applies US GAAP to the insurance assets and liabilities of Jackson. Under the US GAAP standard FAS 97, acquisition costs for Jackson's fixed and variable annuity business are deferred and then amortised in line with the expected emergence of margins. The amortisation profile is dependant on assumptions of which, for variable annuity business, the key assumption is the expected level of equity market returns. For 2008 and recent previous years, a rate of 8.4 per cent has been applied using, as is industry practice, a mean reversion methodology.

The mean reversion methodology is applied with the objective of adjusting the amortisation of deferred acquisition costs that would otherwise be highly volatile for the fact that the expected level of future gross profits fluctuates for altered variable annuity asset values arising from changes in equity market levels at the end of each reporting period.

The mean reversion methodology achieves this objective by dynamic adjustment to the level of expectations of short-term future investment returns. Under the methodology, the projected returns for the next five years are, for the purposes of determining the amortisation profile, set so that normally combined with the actual returns for the current and preceding two years, the average rate of return is 8.4 per cent. The mean reversion methodology does, however, include a cap of 15 per cent per annum on the projected return for each of the next five years. For the half year 2008, US equity market indices fell by 12.8 per cent. At that stage, the mean reversion technique accommodated the level of reduction and no acceleration of DAC amortisation was required. For full year 2008 this capping effect applied to restrict the projected returns below the 20 per cent per annum level that would have otherwise applied. Projected returns after the next five years are set at 8.4 per cent.

For full year 2008, US equity market indices fell by some 38.5 per cent. If there had been no mean reversion methodology in place there would have been an increased amortisation charge of approximately £250 million.

Schedule 14.3 (continued)

However, as noted above, the mean reversion methodology allows for a substantial, but not complete, recovery of the lost fund value. As a result, DAC amortisation, reflected in the 2008 results after incorporating the mean reversion, has instead increased by some £140 million, of which £40 million arises due to the capping feature.

In half year 2009 the US S&P 500 index increased by 1.8 per cent. Consequently the accelerated DAC amortisation feature that was evident for full year 2008 did not apply at half year 2009.

14.3b Short-term fluctuations in investment returns

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Short-term fluctuations relating to debt securities:			
Charges in the period (note i)			
Defaults	**–**	–	(78)
Losses on sales of impaired and deteriorating bonds	**(44)**	(6)	(130)
Bond write downs	**(324)**	(103)	(419)
Recoveries / reversals	**2**	1	3
	(366)	(108)	(624)
Less: Risk margin charge included in operating profit based on longer-term investment returns	**41**	23	54
	(325)	(85)	(570)
Interest related realised gains (losses):			
Arising in the period	**75**	(2)	(25)
Less: Amortisation of gains and losses arising in current and prior periods to operating profit based on longer-term investment returns	**(34)**	(15)	(28)
	41	(17)	(53)
Related change to amortisation of deferred acquisition costs	**37**	14	88
Total short-term fluctuation related to debt securities	**(247)**	(88)	(535)
Derivatives (other than equity related): market value movement (net of related change to amortisation of deferred acquisition costs)	**339**	(64)	(369)
Equity type investments : actual less longer-term return (net of related change to amortisation of deferred acquisition costs)	**(40)**	(32)	(69)
Other items (net of related change to amortisation of deferred acquisition costs)	**113**	3	(85)
Total	**165**	(181)	(1,058)

(i) The charges on debt securities incurred in half year 2009 of £366 million comprise the following:

	Defaults *	Bond write downs	Losses on sale of impaired and deteriorating bonds	Recoveries / reversals	**Total**
Residential mortgage-backed securities					
Prime	-	123	-	-	**123**
Alt – A	-	98	-	-	**98**
Sub-prime	-	18	-	-	**18**
Total residential mortgage-backed securities	-	239	-	-	**239**
Corporates	-	80	44	-	**124**
Other	-	5	-	(2)	**3**
Total	-	324	44	(2)	**366**

* Jackson experienced less than £1 million of bond default losses during the first half of 2009.

Schedule 14.3
(continued)

Q2 2009 analysis of movements in Jackson's available-for-sale securities

Securities in an unrealised loss position

For Jackson's securities classified as available-for-sale under IAS 39, at 30 June 2009 there was a net unrealised loss position of £1,798 million. This amount comprised £426 million of gross unrealised gains and £2,224 million of gross unrealised losses on individual securities. Under IFRS unrealised losses are only applicable for securities which have not been impaired during the period. Securities impaired during the period are written down to fair value through the profit and loss in full. Included within the gross unrealised losses is £1,531 million for securities which are valued at less than 80 per cent of book value, of which 54 per cent have been at this level for less than 6 months.

IFRS requires securities to be carried at fair value, being the amount for which the security would be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is quoted prices in an active market, but if the market is not active then a valuation technique is used to establish fair value.

In 2008, due to inactive and illiquid markets, beginning at the end of the third quarter of 2008 the external prices obtained for certain asset-backed securities were deemed not to reflect fair value in the dislocated market conditions at that time. For the valuations at 31 December 2008, Jackson had therefore utilised internal valuation models, provided by PPM America, as best estimate of fair values of all non agency Residential Mortgage-Backed Securities (RMBS) and Asset-Backed Securities (ABS) and certain Commercial Mortgage-Backed securities (CMBS). The use of internal valuation models resulted in a fair value of these securities that was higher than the value derived from pricing services and brokers by £760 million on a total amortised cost of £3.5 billion at 31 December 2008.

During 2009, improvements were observed in the level of liquidity for these sectors of structured securities. In the first quarter of 2009, the increased liquidity in the markets for certain tranches of non-agency RMBS and ABS resulted in Jackson being able to rely on external prices for these securities as the most appropriate measure of fair value. For those securities where the use of internal valuation models was still deemed to be the best estimate of fair value, the determined fair value at 31 March 2009 was £410 million higher than derived from pricing services and brokers. This was reflected in the Group's first quarter 2009 Interim Management Statement published on 14 May 2009.

Further improvements in the liquidity levels for these sectors took place in the second quarter of 2009. This enabled the use at 30 June 2009 of external prices provided from pricing services or brokers to be applied as the most appropriate measure of fair value under IAS 39 for nearly all of the remaining structured securities for which internal valuation models had been used at 31 March 2009.

Accordingly, at 30 June 2009, nearly all of the non-agency RMBS, ABS and certain CMBS which at 31 December 2008 were valued using internal valuation models due to the dislocated market conditions in 2008, have now been valued using external prices.

Schedule 14.3 (continued)

(a) Movements in the values for the three months to 30 June 2009:

	30 June 2009	Movement in Quarter 2	Foreign exchange translation	Quarter 2 including foreign exchange	31 March 2009
	£m	£m	£m	£m	£m
Assets fair valued at below book value					
Book value	**13,677**				18,808
Unrealised loss	**(2,224)**	880	357	1,237	(3,461)
Fair value (as included in the statement of financial position)	**11,453**				15,347
Assets fair valued at or above book value					
Book value	**8,870**				7,715
Unrealised gain	**426**	246	(56)	190	236
Fair value (as included in the statement of financial position)	**9,296**				7,951
Total					
Book value	**22,547**				26,523
Net unrealised loss	**(1,798)**	1,126	301	1,427	(3,225)
Fair value (as included in the statement of financial position)	**20,749**				23,298

(a) Fair value of securities in an unrealised loss position as a percentage of book value

(i) Fair value of securities as a percentage of book value

The unrealised losses in the Jackson statement of financial position on unimpaired securities are £2,224 million (Q109: £3,461 million) relating to assets with fair market value and book value of £11,453 million (Q109: £15,347 million) and £13,677 million (Q109: £18,808 million) respectively.

The following table shows the fair value of the securities in a gross unrealised loss position for various percentages of book value:

	30 June 2009		31 March 2009	
	Fair value	**Unrealised loss**	Fair value	Unrealised loss
	£m	**£m**	£m	£m
Between 90% and 100%	**6,743**	**(265)**	7,433	(424)
Between 80% and 90%	**2,487**	**(428)**	3,953	(747)
Below 80%	**2,223**	**(1,531)**	3,961	(2,290)
	11,453	**(2,224)**	15,347	(3,461)

(ii) Fair value of sub-prime and Alt-A securities as a percentage of book value

Included within the table above are amounts relating to sub-prime and Alt-A securities in a gross unrealised loss position for various percentages of book value of:

	30 June 2009		31 March 2009	
	Fair value	**Unrealised loss**	Fair value	Unrealised loss
	£m	**£m**	£m	£m
Between 90% and 100%	**38**	**(3)**	199	(9)
Between 80% and 90%	**93**	**(18)**	90	(15)
Below 80%	**305**	**(278)**	356	(308)
	436	**(299)**	645	(332)

Prudential PLC
2009 Unaudited Interim Results

Schedule 14.3
(continued)

(b) Securities whose fair value were below 80 per cent of the book value

As shown in the table above, £1,531 million (Q109: £2,290 million) of the £2,224 million (Q109: £3,461 million) of gross unrealised losses at 30 June 2009 related to securities whose fair value were below 80 per cent of the book value. The age analysis for this £1,531 million (Q109: £2,290 million), indicating the length of time for which their fair value was below 80 per cent of the book value, is as follows:

	30 June 2009		31 March 2009	
	Fair value £m	**Unrealised loss £m**	Fair value £m	Unrealised loss £m
Less than 3 months	**767**	**(561)**	1,439	(743)
3 months to 6 months	**393**	**(272)**	1,877	(1,027)
More than 6 months	**1,063**	**(698)**	645	(520)
	2,223	**(1,531)**	3,961	(2,290)

For securities valued at less than 80 per cent of book value, 78 per cent are investment grade. The analysis by category of debt securities whose fair value were below 80 per cent of the book value is as follows:

	30 June 2009		31 March 2009	
	Fair value £m	**Unrealised loss £m**	Fair value £m	Unrealised loss £m
Residential mortgage-backed securities				
Prime	**404**	**(364)**	178	(159)
Alt – A	**187**	**(154)**	277	(246)
Sub-prime	**118**	**(124)**	80	(62)
	709	**(642)**	535	(467)
Commercial mortgage-backed securities.	**478**	**(263)**	813	(437)
Other asset-backed securities	**256**	**(302)**	162	(187)
Total structured securities	**1,443**	**(1,207)**	1,510	(1,091)
Corporates	**780**	**(324)**	2,451	(1,199)
Total	**2,223**	**(1,531)**	3,961	(2,290)

Schedule 15

IFRS basis results – Asset management operations

The profit included in the income statement in respect of asset management operations is as follows:

	M&G	US	Asia	**Total half year 2009**	Total half year 2008	Total full year 2008
	£m	£m	£m	**£m**	£m	£m
Revenue (note 15a)	324	242	97	**663**	531	664
Charges (note 15a)	(221)	(240)	(76)	**(537)**	(416)	(524)
Profit before tax	103	2	21	**126**	115	140
Comprising:						
Operating profit based on longer-term investment returns (note 15b)	102	2	21	**125**	181	345
Short-term fluctuations in investment returns	3	–	–	**3**	(26)	(195)
Actuarial (losses) gains on defined benefit pension schemes	(2)	–	–	**(2)**	(40)	(10)
	103	2	21	**126**	115	140

Notes

15a Included within M&G are consolidated investment funds and Prudential Capital. The investment funds are managed on behalf of third parties and consolidated under IFRS in recognition of the control arrangements for the funds. The investment losses in respect of the investment funds are non-recourse to M&G and the Group and are added back through charges. Consequently there is no impact on the profit before tax. Excluding the anomaly in respect of the consolidated investment funds, the revenue for M&G would be £262 million and the charges £159 million.

15b M&G operating profit based on longer-term investment returns

	Half year 2009	Half year 2008	Full year 2008
	£m	£m	£m
Asset management fee income	**195**	235	455
Other income	**7**	12	25
Staff costs	**(85)**	(101)	(184)
Other costs	**(42)**	(42)	(111)
Underlying profit before performance-related fees	**75**	104	185
Performance-related fees	**–**	9	43
Operating profit from asset management operations	**75**	113	228
Operating profit from Prudential Capital	**27**	33	58
Total M&G operating profit based on longer-term investment returns	**102**	146	286

The difference between the fees and other income shown above in respect of asset management operations, and the revenue figure for M&G shown in the main table primarily relates to income and investment gains (losses) earned by Prudential Capital and by investment funds controlled by the asset management operations which are consolidated under IFRS.

Prudential PLC
2009 Unaudited Interim Results

Schedule 16

IFRS basis results – Reconciliation of tax charge on (loss) profits attributable to shareholders for continuing operations

Half year 2009	Asian insurance operations £m	US insurance operations £m	UK insurance operations £m	Other operations £m	Total £m
(Loss) profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of attributable restructuring costs and development expenses	**207**	**217**	**296**	**(32)**	**688**
Short-term fluctuations in investment returns	**(41)**	**165**	**(63)**	**(141)**	**(80)**
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes (schedule 21)	**–**	**–**	**–**	**(63)**	**(63)**
Loss on sale and results for Taiwan agency business	**(621)**	**–**	**–**	**–**	**(621)**
Total	**(455)**	**382**	**233**	**(236)**	**(76)**
Expected tax rate (note 16a):					
Operating profit based on longer-term investment returns	**24%**	**35%**	**28%**	**28%**	**29%**
Short-term fluctuations in investment returns	**25%**	**35%**	**28%**	**39%**	**31%**
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**–**	**–**	**–**	**28%**	**28%**
Loss on sale and results for Taiwan agency business	**25%**	**–**	**–**	**–**	**25%**
Expected tax credit (charge) based on expected tax rates:					
Operating profit based on longer-term investment returns	**(50)**	**(76)**	**(83)**	**9**	**(200)**
Short-term fluctuations in investment returns	**10**	**(58)**	**18**	**55**	**25**
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**–**	**–**	**–**	**18**	**18**
Loss on sale and results for Taiwan agency business	**155**	**–**	**–**	**–**	**155**
Total	**115**	**(134)**	**(65)**	**82**	**(2)**
Variance from expected tax charge (note 16b):					
Operating profit based on longer-term investment returns	**16**	**19**	**(10)**	**(6)**	**19**
Short-term fluctuations in investment returns	**(4)**	**(61)**	**3**	**1**	**(61)**
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**–**	**–**	**–**	**(1)**	**(1)**
Loss on sale and results for Taiwan agency business	**(137)**	**–**	**–**		**(137)**
Total	**(125)**	**(42)**	**(7)**	**(6)**	**(180)**
Actual tax credit (charge)					
Operating profit based on longer-term investment returns	**(34)**	**(57)**	**(93)**	**3**	**(181)**
Short-term fluctuations in investment returns	**6**	**(119)**	**21**	**56**	**(36)**
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**–**	**–**	**–**	**17**	**17**
Loss on sale and results for Taiwan agency business	**18**	**–**	**–**	**–**	**18**
Total	**(10)**	**(176)**	**(72)**	**76**	**(182)**
Actual tax rate: operating profit based on longer-term investment returns	**16%**	**26%**	**31%**	**9%**	**26%**
: total	**(2)%**	**46%**	**31%**	**32%**	**(239)%**

Prudential PLC
2009 Unaudited Interim Results

Schedule 16
(continued)

Half year 2008	Asian insurance operations £m	US insurance operations £m	UK insurance operations £m	Other operations £m	Total £m
(Loss) profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of attributable restructuring costs and development expenses	72	232	268	75	647
Short-term fluctuations in investment returns	(197)	(181)	(82)	(157)	(617)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	(92)	(92)
Results for sold Taiwan agency business	(40)	–	–	–	(40)
Total	(165)	51	186	(174)	(102)
Expected tax rate (note 16a):					
Operating profit based on longer-term investment returns	21%	35%	29%	25%	30%
Short-term fluctuations in investment returns	29%	35%	29%	27%	30%
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	29%	29%
Results for sold Taiwan agency business	25%	–	–	–	25%
Expected tax credit (charge) based on expected tax rates:					
Operating profit based on longer-term investment returns	(15)	(81)	(78)	(18)	(192)
Short-term fluctuations in investment returns	57	63	24	42	186
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	27	27
Results for sold Taiwan agency business	10	–	–	–	10
Total	52	(18)	(54)	51	31
Variance from expected tax charge (note 16b):					
Operating profit based on longer-term investment returns	(9)	17	(8)	5	5
Short-term fluctuations in investment returns	(19)	(2)	–	(10)	(31)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	(1)	(1)
Results for sold Taiwan agency business	(16)	–	–	–	(16)
Total	(44)	15	(8)	(6)	(43)
Actual tax credit (charge):					
Operating profit based on longer-term investment returns	(24)	(64)	(86)	(13)	(187)
Short-term fluctuations in investment returns	38	61	24	32	155
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	26	26
Results for sold Taiwan agency business	(6)	–	–	–	(6)
Total	8	(3)	(62)	45	(12)
Actual tax rate: operating profit based on longer-term investment returns	33%	28%	32%	17%	29%
: total	5%	6%	33%	26%	(12)%

Prudential PLC
2009 Unaudited Interim Results

Schedule 16 (continued)

Full year 2008	Asian insurance operations £m	US insurance operations £m	UK insurance operations £m	Other operations £m	Total £m
(Loss) profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of attributable restructuring costs and development expenses	231	406	535	111	1,283
Short-term fluctuations in investment returns	(138)	(1,058)	(212)	(313)	(1,721)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	(2)	–	–	(11)	(13)
Results for sold Taiwan agency business	1	–	–	–	1
Total	92	(652)	323	(213)	(450)
Expected tax rate (note 16a):					
Operating profit based on longer-term investment returns	23%	35%	28%	23%	29%
Short-term fluctuations in investment returns	28%	35%	28%	28%	32%
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	25%	–	–	28%	27%
Results for sold Taiwan agency business	25%	–	–	–	25%
Expected tax credit (charge) based on expected tax rates:					
Operating profit based on longer-term investment returns	(54)	(142)	(150)	(26)	(372)
Short-term fluctuations in investment returns	38	370	59	88	555
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	1	–	–	3	4
Results for sold Taiwan agency business	–	–	–	–	–
Total	(15)	228	(91)	65	187
Variance from expected tax charge (note 16b):					
Operating profit based on longer-term investment returns	(51)	17	57	57	80
Short-term fluctuations in investment returns	(3)	(173)	(8)	(19)	(203)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	–	–	–	(1)	(1)
Results for sold Taiwan agency business	(4)	–	–	–	(4)
Total	(58)	(156)	49	37	(128)
Actual tax credit (charge)					
Operating profit based on longer-term investment returns	(105)	(125)	(93)	31	(292)
Short-term fluctuations in investment returns	35	197	51	69	352
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	1	–	–	2	3
Results for sold Taiwan agency business	(4)	–	–	–	(4)
Total	(73)	72	(42)	102	59
Actual tax rate: operating profit based on longer-term investment returns	45%	31%	17%	(28%)	23%
: total	79%	11%	13%	48%	13%

Prudential PLC
2009 Unaudited Interim Results

Schedule 16 (continued)

Notes

16a Expected tax rates for profit attributable to shareholders:
The expected tax rates shown in the table above reflect the corporate tax rates generally applied to taxable profits of the relevant country jurisdictions. For Asian operations the expected tax rates reflect the corporate tax rates weighted by reference to the source of profits of operations contributing to the aggregate business result.
The expected tax rate for Other operations reflects the mix of business between UK and overseas operations, which are taxed at a variety of rates. The rate will fluctuate from year to year dependent on the mix of profits.

16b For 2009, the principal variances arise from differences between the standard corporation tax rate and actual rates due to a number of factors, including:

a For Asian long-term operations, adjustments in respect of prior year tax charges and profits in certain countries which are not taxable.

b For Jackson, the inability to fully recognise deferred tax assets on losses being carried forward which has partially been offset by the benefit of a deduction from taxable income of a proportion of dividends received attributable to the variable annuity business;

c For UK insurance operations, adjustments in respect of prior year tax charge and different tax bases of UK life business; and

d For Other operations, the inability to recognise a deferred tax asset on various tax losses.

E The actual tax rate in relation to Asia excluding the result for the sold Taiwan agency business would have been 6 per cent for the period.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.1

Group statement of financial position – analysis by business unit

For an appreciation of the shareholder exposure to investment value movements it is necessary to distinguish the effects of fund structure and type of business for the Group's operations.

	Insurance operations									
	UK	US	Asia	Total insurance operations	Asset management operations	Unallocated to a segment (central operations)	Intra-group eliminations	30 Jun 2009 Group total	30 Jun 2008 Group total	31 Dec 2008 Group total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets										
Intangible assets attributable to shareholders):										
Goodwill	–	–	80	80	1,230	–	–	**1,310**	1,341	1,341
Deferred acquisition costs and other intangible assets	132	3,259	648	4,039	6	–	–	**4,045**	3,290	5,349
Total	132	3,259	728	4,119	1,236	–	–	**5,355**	4,631	6,690
Intangible assets attributable to with-profits funds:										
In respect of acquired subsidiaries for venture fund and other investment purposes	159	–	–	159	–	–	–	**159**	174	174
Deferred acquisition costs and other intangible assets	13	–	98	111	–	–	–	**111**	18	126
Total	172	–	98	270	–	–	–	**270**	192	300
Total	304	3,259	826	4,389	1,236	–	–	**5,625**	4,823	6,990
Deferred tax assets	385	1,363	101	1,849	144	156	–	**2,149**	1,250	2,886
Other non-investment and non-cash assets	4,081	1,315	1,466	6,862	753	3,457	(5,464)	**5,608**	5,570	6,277
Investment of long-term business and other operations:										
Investment properties	10,455	12	12	10,479	–	–	–	**10,479**	13,529	11,992
Investments accounted for using the equity method	–	–	–	–	–	6	–	**6**	16	10
Financial investments:										
Loans	1,689	4,295	1,095	7,079	1,534	–	–	**8,613**	8,719	10,491
Equity securities and portfolio holdings in unit trusts	32,853	14,984	8,160	55,997	72	–	–	**56,069**	75,876	62,122
Debt securities	59,231	20,896	8,294	88,421	978	–	–	**89,399**	83,806	95,224
Other investments	4,216	1,103	191	5,510	358	217	–	**6,085**	4,528	6,301
Deposits	7,668	577	539	8,784	22	–	–	**8,806**	8,194	7,294
Total Investments	116,112	41,867	18,291	176,270	2,964	223	–	**179,457**	194,668	193,434
Properties held-for-sale	5	–	–	5	–	–	–	**5**	–	–
Cash and cash equivalents	2,873	343	1,142	4,358	1,546	638	–	**6,542**	4,844	5,955
Total assets	**123,760**	**48,147**	**21,826**	**193,733**	**6,643**	**4,474**	**(5,464)**	**199,386**	211,155	215,542

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.1 (continued)

	Insurance operations UK	Insurance operations US	Insurance operations Asia	Total insurance operations	Asset management operations	Unallocated to a segment (central operations)	Intra-group eliminations	30 Jun 2009 Group total	30 Jun 2008 Group total	31 Dec 2008 Group total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Equity and liabilities										
Equity										
Shareholders' equity	1,749	2,046	1,576	5,371	1,637	(2,288)	–	**4,720**	5,552	5,058
Minority interests	26	–	2	28	1	–	–	**29**	98	55
Total equity	1,775	2,046	1,578	5,399	1,638	(2,288)	–	**4,749**	5,650	5,113
Liabilities										
Policyholder liabilities and unallocated surplus of with-profits funds:										
Contract liabilities (including amounts in respect of contracts classified as investment contracts under IFRS 4)	105,369	41,492	18,186	165,047	–	–	–	**165,047**	169,113	173,977
Unallocated surplus of with-profits funds (reflecting application of 'realistic' basis provisions for UK regulated with-profits funds)	7,015	–	46	7,061	–	–	–	**7,061**	12,560	8,414
Total policyholder liabilities and unallocated surplus of with-profits funds	112,384	41,492	18,232	172,108	–	–	–	**172,108**	181,673	182,391
Core structural borrowings of shareholder-financed operations:										
Subordinated debt	–	–	–	–	–	2,198	–	**2,198**	1,603	1,987
Other	–	152	–	152	–	549	–	**701**	923	971
Total	–	152	–	152	–	2,747	–	**2,899**	2,526	2,958
Operational borrowings attributable to shareholder-financed operations	28	297	133	458	5	2,392	–	**2,855**	2,908	1,977
Borrowings attributable to with-profits funds	1,349	–	–	1,349	–	–	–	**1,349**	937	1,308
Deferred tax liabilities	1,198	1,075	352	2,625	7	19	–	**2,651**	2,843	3,229
Other non-insurance liabilities	7,026	3,085	1,531	11,642	4,993	1,604	(5,464)	**12,775**	14,618	18,566
Total liabilities	121,985	46,101	20,248	188,334	5,005	6,762	(5,464)	**194,637**	205,505	210,429
Total equity and liabilities	**123,760**	**48,147**	**21,826**	**193,733**	**6,643**	**4,474**	**(5,464)**	**199,386**	211,155	215,542

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.2

Group statement of financial position – additional analysis by type of business

		Shareholder-backed business							
	Participating funds £m	Unit-linked and variable annuity £m	Non-linked business £m	Asset management operations £m	Unallocated to a segment (central operations) £m	Intra-group eliminations £m	30 Jun 2009 Group total £m	30 Jun 2008 Group total £m	31 Dec 2008 Group total £m
Assets									
Intangible assets attributable to shareholders:									
Goodwill	–	–	80	1,230	–	–	**1,310**	1,341	1,341
Deferred acquisition costs and other intangible assets	–	–	4,039	6	–	–	**4,045**	3,290	5,349
Total	–	–	4,119	1,236	—	–	**5,355**	4,631	6,690
Intangible assets attributable to with-profits funds:									
In respect of acquired subsidiaries for venture fund and other investment purposes	159	–	–	–	–	–	**159**	174	174
Deferred acquisition costs and other intangible assets	111	–	–	–	–	–	**111**	18	126
Total	270	–	–	–	–	–	**270**	192	300
Total	270	–	4,119	1,236	–	–	**5,625**	4,823	6,990
Deferred tax assets	240	–	1,609	144	156	–	**2,149**	1,250	2,886
Other non-investment and non-cash assets	2,920	601	3,341	753	3,457	(5,464)	**5,608**	5,570	6,277
Investment of long-term business and other operations:									
Investment properties	8,507	616	1,356	–	–	–	**10,479**	13,529	11,992
Investments accounted for using the equity method	–	–	–	–	6	–	**6**	16	10
Financial investments:									
Loans	1,781	47	5,251	1,534	–	–	**8,613**	8,719	10,491
Equity securities and portfolio holdings in unit trusts	26,098	29,295	604	72	–	–	**56,069**	75,876	62,122
Debt securities	41,753	6,763	39,905	978	–	–	**89,399**	83,806	95,224
Other investments	3,917	235	1,358	358	217	–	**6,085**	4,528	6,301
Deposits	6,300	780	1,704	22	–	–	**8,806**	8,194	7,294
Total Investments	88,356	37,736	50,178	2,964	223	–	**179,457**	194,668	193,434
Properties held-for-sale	2	3	–	–	–	–	**5**	–	–
Cash and cash equivalents	1,835	1,102	1,421	1,546	638	–	**6,542**	4,844	5,955
Total assets	**93,623**	**39,442**	**60,668**	**6,643**	**4,474**	**(5,464)**	**199,386**	211,155	215,542

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.2 (continued)

		Shareholder-backed business							
	Participating funds £m	Unit-linked and variable annuity £m	Non-linked business £m	Asset management operations £m	Unallocated to a segment (central operations) £m	Intra-group eliminations £m	30 Jun 2009 Group total £m	30 Jun 2008 Group total £m	31 Dec 2008 Group total £m
Equity and liabilities									
Equity									
Shareholders' equity	–	–	5,371	1,637	(2,288)	–	**4,720**	5,552	5,058
Minority interests	26	–	2	1		–	**29**	98	55
Total equity	26	–	5,373	1,638	(2,288)	–	**4,749**	5,650	5,113
Liabilities									
Policyholder liabilities and unallocated surplus of with-profits funds:									
Insurance contract liabilities (including amounts in respect of contracts classified as investment contracts under IFRS 4)	79,291	38,299	47,457	–	–	–	**165,047**	169,113	173,977
Unallocated surplus of with-profits funds (reflecting application of 'realistic' basis provisions for UK regulated with-profits funds)	7,061	–	–	–	–	–	**7,061**	12,560	8,414
Total policyholder liabilities and unallocated surplus of with-profits funds	86,352	38,299	47,457	–	–	–	**172,108**	181,673	182,391
Core structural borrowings of shareholder-financed operations:									
Subordinated debt	–	–	–	–	2,198	–	**2,198**	1,603	1,987
Other	–	–	152	–	549	–	**701**	923	971
Total	–	–	152	–	2,747	–	**2,899**	2,526	2,958
Operational borrowings attributable to shareholder-financed operations	–	–	458	5	2,392	–	**2,855**	2,908	1,977
Borrowings attributable to with-profits funds	1,349	–	–	–	–	–	**1,349**	937	1,308
Deferred tax liabilities	1,012	–	1,613	7	19	–	**2,651**	2,843	3,229
Other non-insurance liabilities	4,884	1,143	5,615	4,993	1,604	(5,464)	**12,775**	14,618	18,566
Total liabilities	93,597	39,442	55,295	5,005	6,762	(5,464)	**194,637**	205,505	210,429
Total equity and liabilities	**93,623**	**39,442**	**60,668**	**6,643**	**4,474**	**(5,464)**	**199,386**	211,155	215,542

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.3

UK insurance operations

Overview

- In order to reflect the different types of UK business and fund structure, the statement of financial position of the UK insurance operations analyses assets and liabilities between those of the Scottish Amicable Insurance Fund (SAIF), the PAC with-profits sub-fund (WPSF), unit-linked assets and liabilities and annuity and other long-term business (see table below).
- £80.4 billion of the £116.1 billion of investments are held by SAIF and the PAC WPSF. Shareholders are exposed only indirectly to value movements on these assets.
- The majority of the remaining investments of shareholder-backed business are held to back unit-linked liabilities and policyholder liabilities of annuity business. Assets and liabilities for these types of business are closely matched.

		PAC with-profits sub-fund (WPSF) (note 17.3a)			Other funds and subsidiaries					
	Scottish Amicable Insurance Fund (note 17.3b) £m	Excluding Prudential Annuities Limited £m	Prudential Annuities Limited (note 17.3c) £m	Total (note 17.3d) £m	Unit-linked assets and liabilities £m	Annuity and other long-term business £m	Total £m	30 Jun 2009 Total £m	30 Jun 2008 Total £m	31 Dec 2008 Total £m
Assets										
Intangible assets attributable to shareholders:										
Deferred acquisition costs and other intangible assets	–	–	–	–	–	132	132	**132**	149	134
	–	–	–	–	–	132	132	**132**	149	134
Intangible assets attributable to PAC with-profits fund:										
In respect of acquired subsidiaries for venture fund and other investment purposes	–	159	–	159	–	–	–	**159**	174	174
Deferred acquisition costs	2	11	–	11	–	–	–	**13**	18	13
	2	170	–	170	–	–	–	**172**	192	187
Total	2	170	–	170	–	132	132	**304**	341	321
Deferred tax assets	2	149	81	230	–	153	153	**385**	59	513
Other non-investment and non-cash assets	519	1,774	307	2,081	499	982	1,481	**4,081**	4,511	4,962
Investments of long-term business and other operations:										
Investment properties	690	7,155	662	7,817	616	1,332	1,948	**10,455**	13,506	11,959
Financial investments	–	–	–	–	–	–	–	**–**		
Loans (note 17.3e)	134	785	146	931	–	624	624	**1,689**	1,536	1,902
Equity securities and portfolio holdings in unit trusts	2,949	20,082	223	20,305	9,571	28	9,599	**32,853**	51,851	38,880
Debt securities	4,033	21,882	11,512	33,394	4,781	17,023	21,804	**59,231**	56,736	58,871
Other investments (note 17.3f)	454	3,261	147	3,408	155	199	354	**4,216**	3,304	4,160
Deposits	741	5,331	194	5,525	547	855	1,402	**7,668**	6,976	6,090
Total investments	9,001	58,496	12,884	71,380	15,670	20,061	35,731	**116,112**	133,909	121,862
Properties held-for-sale	–	2	–	2	3	–	3	**5**		-
Cash and cash equivalents	154	1,040	245	1,285	804	630	1,434	**2,873**	1,709	2,571
Total assets	**9,678**	**61,631**	**13,517**	**75,148**	**16,976**	**21,958**	**38,934**	**123,760**	140,529	130,229

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.3 (continued)

	Scottish Amicable Insurance Fund (note 17.3b) £m	PAC with-profits sub-fund (WPSF) (note 17.3a): Excluding Prudential Annuities Limited £m	Prudential Annuities Limited (note 17.3c) £m	Total (note 17.3d) £m	Other funds and subsidiaries: Unit-linked assets and liabilities £m	Annuity and other long-term business £m	Total £m	30 Jun 2009 Total £m	30 Jun 2008 Total £m	31 Dec 2008 Total £m
Equity and liabilities										
Equity										
Shareholders' equity	–	–	–	–	–	1,749	1,749	**1,749**	1,346	1,655
Minority interests	–	26	–	26	–	–	–	**26**	40	47
Total equity	–	26	–	26	–	1,749	1,749	**1,775**	1,386	1,702
Liabilities										
Policyholder liabilities and unallocated surplus of with-profits funds:										
Contract liabilities (including amounts in respect of contracts classified as investment contracts under IFRS 4)	9,223	50,858	11,222	62,080	16,278	17,788	34,066	**105,369**	116,980	107,707
Unallocated surplus of with-profits funds (reflecting application of 'realistic' provisions for UK regulated with-profits funds) (note 17.3g)	–	5,512	1,503	7,015	–	–	–	**7,015**	12,421	8,254
Total	9,223	56,370	12,725	69,095	16,278	17,788	34,066	**112,384**	129,401	115,961
Operational borrowings attributable to shareholder-financed operations	–	–	–	–	–	28	28	**28**	3	54
Borrowings attributable to with-profits funds	118	1,231	–	1,231	–	–	–	**1,349**	937	1,308
Deferred tax liabilities	5	518	263	781	–	412	412	**1,198**	1,703	1,421
Other non-insurance liabilities	332	3,486	529	4,015	698	1,981	2,679	**7,026**	7,099	9,783
Total liabilities	9,678	61,605	13,517	75,122	16,976	20,209	37,185	**121,985**	139,143	128,527
Total equity and liabilities	**9,678**	**61,631**	**13,517**	**75,148**	**16,976**	**21,958**	**38,934**	**123,760**	140,529	130,229

Notes

17.3a For the purposes of this table and subsequent explanation, references to the WPSF also include, for convenience, the amounts attaching to the Defined Charges Participating Sub-fund.

17.3b SAIF is a separate sub-fund within the PAC long-term business fund

17.3c Wholly-owned subsidiary of the PAC WPSF that writes annuity business.

17.3d Excluding policyholder liabilities of the Hong Kong branch of PAC.

17.3e The loans of the Group's UK insurance operations of £1,689 million (30 June 2008: £1,536; 31 December 2008: £1,902 million) comprise mortgage loans of £766 million (30 June 2008: £569 million; 31 December 2008: £701 million), policy loans of £29 million (30 June 2008: £32 million; 31 December 2008: £29 million) and other loans of £894 million (30 June 2008: £935 million; 31 December 2008: £1,172 million). The mortgage loans are collateralised by properties. Other loans are all commercial loans and comprise mainly syndicated loans held by the PAC with-profits fund.

17.3f Other investments comprise:

	30 Jun 2009 £m	30 Jun 2008 £m	31 Dec 2008 £m
Derivative assets*	**1,819**	620	1,326
Partnerships in investment pools and other**	**2,397**	2,684	2,834
	4,216	3,304	4,160

* In the UK, Prudential uses derivatives to reduce equity and credit risk, interest rate and currency exposures, and to facilitate efficient portfolio management. After derivative liabilities of £583 million (30 June 2008: £340 million; 31 December 2008: £3,401 million), which are also included in the statement of financial position, the overall derivative position was a net asset of £1,236 million (30 June 2008: £280 million; 31 December 2008: net liability of £2,075 million).

** Partnerships in investment pools and other comprise mainly investments held by the PAC with-profits fund. These investments are primarily venture fund investments and investment in property funds and limited partnerships.

17.3g Unallocated surplus of with-profits funds

Prudential's long-term business written in the UK comprises predominantly life insurance policies under which the policyholders are entitled to participate in the returns of the funds supporting these policies. Business similar to this type is also written in certain of the Group's Asian operations, subject to local market and regulatory conditions. Such policies are called with-profits policies. Prudential maintains with-profits funds within the Group's long-term business funds, which segregate the assets and liabilities and accumulate the returns related to that with-profits business. The amounts accumulated in these with-profits funds are available to provide for future policyholder benefit provisions and for bonuses to be distributed to with-profits policyholders. The bonuses, both annual and final, reflect the right of the with-profits policyholders to participate in the financial performance of the with-profits funds. Shareholders' profits with respect to bonuses declared on with-profits business correspond to the shareholders' share of the cost of bonuses as declared by the Board of directors. The shareholders' share currently represents one-ninth of the cost of bonuses declared for with-profits policies.

The unallocated surplus represents the excess of assets over policyholder liabilities for the Group's with-profits funds. As allowed under IFRS 4, the Group has opted to continue to record unallocated surplus of with-profits funds wholly as a liability. The annual excess (shortfall) of income over expenditure of the with-profits funds, after declaration and attribution of the cost of bonuses to policyholders and shareholders, is transferred to (from) the unallocated surplus each year through a charge (credit) to the income statement. The balance retained in the unallocated surplus represents cumulative income arising on the with-profits business that has not been allocated to policyholders or shareholders. The balance of the unallocated surplus is determined after full provision for deferred tax on unrealised appreciation on investments.

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.4

US insurance operations

	30 Jun 2009			30 Jun 2008			31 Dec 2008		
	Variable annuity separate account assets and liabilities (note 17.4a) £m	Fixed annuity, GIC and other business (note 17.4a) £m	Total £m	Variable annuity separate account assets and liabilities (note 17.4a) £m	Fixed annuity GIC and other business (note 17.4a) £m	Total £m	Variable annuity separate account assets and liabilities (note 17.4a) £m	Fixed annuity, GIC and other business (note 17.4a) £m	Total £m
Assets									
Intangible assets attributable to shareholders:									
Deferred acquisition costs	–	3,259	3,259	–	2,297	2,297	–	3,962	3,962
Total	–	3,259	3,259	–	2,297	2,297	–	3,962	3,962
Deferred tax assets	–	1,363	1,363	–	982	982	–	1,969	1,969
Other non-investment and non-cash assets	–	1,315	1,315	–	1,948	1,948	–	1,819	1,819
Investments of long-term business and other operations:									
Investment properties	–	12	12	–	9	9	–	13	13
Financial investments:									
Loans (note 17.4b)	–	4,295	4,295	–	3,521	3,521	–	5,121	5,121
Equity securities and portfolio holdings in unit trusts	14,512	472	14,984	14,435	531	14,966	14,538	604	15,142
Debt securities	–	20,896	20,896	–	18,504	18,504	14,538	24,249	24,249
Other investments (note 17.4c)	–	1,103	1,103	–	740	740	–	1,256	1,256
Deposits	–	577	577	–	571	571	–	390	390
Total investments	14,512	27,355	41,867	14,435	23,876	38,311	14,538	31,633	46,171
Cash and cash equivalents	–	343	343	–	200	200	-	246	246
Total assets	14,512	33,635	48,147	14,435	29,303	43,738	14,538	39,629	54,167
Equity and liabilities									
Equity									
Shareholders' equity	–	2,046	2,046	–	2,461	2,461	–	1,698	1,698
Minority interests	–	–	–	–	–	–	–	–	–
Total equity	–	2,046	2,046	–	2,461	2,461	–	1,698	1,698
Liabilities									
Policyholder liabilities:									
Contract liabilities (including amounts in respect of contracts classified as investment contracts under IFRS 4)	14,512	26,980	41,492	14,435	20,204	34.639	14,538	30,823	45,361
Total	14,512	26,980	41,492	14,435	20,204	34,639	14,538	30,823	45,361
Core structural borrowings of shareholder-financed operations	–	152	152	–	125	125	–	173	173
Operational borrowings attributable to shareholder-financed operations	–	297	297	–	580	580	–	511	511
Deferred tax liabilities	–	1,075	1,075	–	787	787	–	1,337	1,337
Other non-insurance liabilities	–	3,085	3,085	–	5,146	5,146	–	5,087	5,087
Total liabilities	14,512	31,589	46,101	14,435	26,842	41,277	14,538	37,931	52,469
Total equity and liabilities	14,512	33,635	48,147	14,435	29,303	43,738	14,538	39,629	54,167

Notes

17.4a Assets and liabilities attaching to variable annuity business that are not held in the separate account are shown within other business.

Schedule 17.4
(continued)

17.4b Loans

The loans of Jackson of £4,295 million (30 June 2008: £ 3,521 million; 31 December 2008: £5,121 million) comprise mortgage loans of £3,780 million (30 June 2008: £3,101 million; 31 December 2008: £4,534 million) and policy loans of £515 million (30 June 2008: £420 million; 31 December 2008: £587 million). All of the mortgage loans are commercial mortgage loans which are collateralised by properties. The property types are mainly industrial, multi-family residential, suburban office, retail and hotel.

Jackson's mortgage loan portfolio does not include any single-family residential mortgage loans and therefore is not directly exposed to the risk of defaults associated with residential sub-prime mortgage loans.

The policy loans are fully secured by individual life insurance policies or annuity policies. These loans are accounted for at amortised cost, less any impairment.

17.4c Other investments comprise:

	30 Jun 2009 £m	30 Jun 2008 £m	31 Dec 2008 £m
Derivative assets*	**652**	334	675
Partnerships in investment pools and other**	**451**	406	581
	1,103	740	1,256

* In the US, Prudential uses derivatives to reduce interest rate risk, to facilitate efficient portfolio management to match liabilities under annuity policies, and for certain equity-based product management activities. After taking account of the derivative liability of £561 million (30 June 2008: £133 million; 31 December 2008: £863million), which is also included in the statement of financial position, the derivative position for US operations is a net asset of £91 million (30 June 2008: net asset of £201 million; 31 December 2008: net liability of £188 million).

** Partnerships in investment pools and other comprise primarily investments in limited partnerships. These include interests in the PPM America Private Equity Fund and diversified investments in other partnerships by independent money managers that generally invest in various equities and fixed income loans and securities.

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.5

Asian insurance operations

	30 Jun 2009				30 Jun 2008				31 Dec 2008			
	With-profits business (note 17.5a) £m	**Unit-linked assets and liabilities £m**	**Other £m**	**Total half year 2009 £m**	With-profits business (note 17.5a) £m	Unit-linked assets and liabilities £m	Other £m	Total half year 2008 £m	With-profits business (note 17.5a) £m	Unit-linked assets and liabilities £m	Other £m	Total Full year 2008 £m
Assets												
Intangible assets attributable to shareholders:												
Goodwill	–	–	80	80	–	–	111	111	–	–	111	111
Deferred acquisition costs and other intangible assets	–	–	648	648	–	–	839	839	–	–	1,247	1,247
Total	–	–	728	728	–	–	950	950	–	–	1,358	1,358
Intangible assets attributable to with-profit funds:												
Deferred acquisition costs and other intangible assets	98	–	–	98	–	–	–	–	113	-	-	113
Deferred tax asset	8	–	93	101	–	–	52	52	-	-	101	101
Other non-investment and non-cash assets	320	102	1,044	1,466	168	87	722	977	225	136	1,055	1,416
Investments of long-term business and other operations:												
Investment properties	–	–	12	12	–	–	14	14	-	-	20	20
Financial investments:												
Loans (note 17.5b)	716	47	332	1,095	599	117	458	1,174	809	113	783	1,705
Equity securities and portfolio holdings in unit trusts (note 17.5c)	2,844	5,212	104	8,160	3,310	5,359	366	9,035	2,800	4,846	431	8,077
Debt securities	4,326	1,982	1,986	8,294	3,442	1,373	2,727	7,542	5,201	1,889	4,023	11,113
Other investments	55	80	56	191	22	52	18	92	11	68	65	144
Deposits	34	233	272	539	18	241	253	512	45	414	291	750
Total investments	7,975	7,554	2,762	18,291	7,391	7,142	3,836	18,369	8,866	7,330	5,613	21,809
Cash and cash equivalents	396	298	448	1,142	218	219	298	735	646	169	686	1,501
Total assets	8,797	7,954	5,075	21,826	7,777	7,448	5,858	21,083	9,850	7,635	8,813	26,298
Equity and liabilities												
Equity												
Shareholders' equity	–	–	1,576	1,576	–	–	1,345	1,345	–	–	2,167	2,167
Minority interests	–	–	2	2	–	–	4	4	–	–	7	7
Total equity	–	–	1,578	1,578	–	–	1,349	1,349	–	–	2,174	2,174
Liabilities												
Policyholder liabilities and unallocated surplus of with-profits funds:												
Contract liabilities (including amounts in respect of contracts classified as investment contracts under IFRS 4)	7,988	7,509	2,689	18,186	6,703	6,752	4,039	17,494	7,934	7,220	5,755	20,909
Unallocated surplus of with-profits funds	46	–	–	46	139	–	–	139	160	-	-	160
Total	8,034	7,509	2,689	18,232	6,842	6,752	4,039	17,633	8,094	7,220	5,755	21,069
Operational borrowings attributable to shareholders-financed operations	–	–	133	133	–	–	–	–	-	-	130	130
Deferred tax liabilities	226	–	126	352	206	–	125	331	239		202	441
Other non-insurance liabilities	537	445	549	1,531	729	696	345	1,770	1,517	415	552	2,484
Total liabilities	8,797	7,954	3,497	20,248	7,777	7,448	4,509	19,734	9,850	7,635	6,639	24,124
Total equity and liabilities	8,797	7,954	5,075	21,826	7,777	7,448	5,858	21,083	9,850	7,635	8,813	26,298

Notes

17.5a The statement of financial position for with-profits business comprises the assets and liabilities of the with-profits operations of Hong Kong, Malaysia and Singapore. Assets and liabilities of other participating business are included in the column for 'other business'.

17.5b The loans of the Group's Asian insurance operations of £1,095 million (30 June 2008: £1,174 million; 31 December 2008: £1,705 million) comprise mortgage loans of £4 million (30 June 2008; £166 million; 31 December 2008: £238 million), policy loans of £402 million (30 June 2008 £472million; 31 December 2008: £675 million) and other loans of £689 million (30 June 2008: £536 million; 31 December 2008: £792 million). The mortgage and policy loans are secured by properties and life insurance policies respectively. The majority of the other loans are commercial loans held by the Malaysian operation and which are all investment graded by two local rating agencies.

Schedule 17.5
(continued)

17.5c Other business' investments in equity securities and portfolio holdings in unit trusts are as follows:

	30 Jun 2009 £m	30 Jun 2008 £m	31 Dec 2008 £m
Malaysia	**10**	10	12
Japan	**–**	28	29
India	**12**	11	9
Taiwan	**27**	236	313
Vietnam	**21**	58	42
Thailand	**6**	4	5
Korea	**4**	6	6
Hong Kong	**–**	4	–
China	**24**	9	15
	104	366	431

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.6

Asset management operations

	M&G £m	US £m	Asia £m	**Total 30 Jun 2009 £m**	Total 30 Jun 2008 £m	Total 31 Dec 2008 £m
Assets						
Intangible assets:						
Goodwill	1,153	16	61	**1,230**	1,230	1,230
Deferred acquisition costs	6	–	–	**6**	5	6
Total	1,159	16	61	**1,236**	1,235	1,236
Other non-investment and non-cash assets	665	145	87	**897**	425	295
Financial investments:						
Loans	1,534	–	–	**1,534**	2,488	1,763
Equity securities and portfolio holdings in unit trusts	65	–	7	**72**	24	23
Debt securities	966	–	12	**978**	1,024	991
Other investments	352	4	2	**358**	159	462
Deposits	7	5	10	**22**	135	64
Total investments	2,924	9	31	**2,964**	3,830	3,303
Cash and cash equivalents (note (iii))	1,434	28	84	**1,546**	1,779	1,472
Total assets	6,182	198	263	**6,643**	7,269	6,306
Equity and liabilities						
Equity						
Shareholders' equity (note (i))	1,331	101	205	**1,637**	1,618	1,642
Minority interests	1	–	–	**1**	54	1
Total equity	1,332	101	205	**1,638**	1,672	1,643
Liabilities						
Intra-group debt represented by operational borrowings at Group level (note (ii))	2,392	–	–	**2,392**	2,321	1,278
Net asset value attributable to external holders of consolidated funds (note (iii))	524	–	–	**524**	1,474	1,065
Other non-insurance liabilities	1,934	97	58	**2,089**	1,802	2,320
Total liabilities	4,850	97	58	**5,005**	5,597	4,663
Total equity and liabilities	6,182	198	263	**6,643**	7,269	6,306

Notes:

(i) M&G shareholder funds include those in respect of Prudential Capital.

(ii) Intra Group debt represented by operational borrowings at Group level
Operational borrowings for M&G are in respect of Prudential Capital's short-term fixed income security programme and comprise £2,385 million (30 Jun 2008: £2,314 million; 31 Dec 2008: £1,269 million) of commercial paper and £7 million (30 Jun 2008: £7 million; 31 Dec 2008: £9 million) of medium-term notes.

(iii) Consolidated investment funds
The M&G statement of financial position shown above includes Prudential Capital together with investment funds which are managed on behalf of third parties. In respect of the consolidated investment funds, the statement of financial position includes cash and cash equivalents of £278 million and net asset value attributable to external unit holders of £524 million, which are non-recourse to M&G and the Group.

Prudential PLC
2009 Unaudited Interim Results

Schedule 17.7

Valuation bases for Group assets

The accounting carrying values of the Group's assets reflect the requirements of IFRS. For financial investments the basis of valuation reflects the Group's application of IAS 39 ('Financial Instruments: Recognition and Measurement') as described further below. The basis applied for the assets section of the summary statement of financial position at 30 June 2009 is summarised below:

	30 Jun 2009			30 Jun 2008			31 Dec 2008		
	At fair value £m	**Cost / Amortised cost (note (a)) £m**	**Total £m**	At fair value £m	Cost / Amortised cost (note (a)) £m	Total £m	At fair value £m	Cost / Amortised cost (note (a)) £m	Total £m
Intangible assets attributable to shareholders:				-					
Goodwill	**–**	**1,310**	**1,310**	-	1,341	1,341	-	1,341	1,341
Deferred acquisition costs and other intangible assets	**–**	**4,045**	**4,045**	-	3,290	3,290	-	5,349	5,349
Total	**–**	**5,355**	**5,355**	-	4,631	4,631	-	6,690	6,690
Intangible assets attributable to PAC with-profits fund:									
In respect of acquired subsidiaries for venture fund and other investment purposes	**–**	**159**	**159**	-	174	174	-	174	174
Deferred acquisition costs and other intangible assets	**–**	**111**	**111**	-	18	18	-	126	126
Total	**–**	**270**	**270**	-	192	192	-	300	300
Total	**–**	**5,625**	**5,625**	-	4,823	4,823	-	6,990	6,990
Other non-investment and non-cash assets:									
Property, plant and equipment	**–**	**428**	**428**	-	1,038	1,038	-	635	635
Reinsurers' share of insurance contract liabilities	**–**	**1,114**	**1,114**	-	971	971	-	1,240	1,240
Deferred tax asset	**–**	**2,149**	**2,149**	-	1,250	1,250	-	2,886	2,886
Current tax recoverable	**–**	**389**	**389**	-	244	244	-	657	657
Accrued investment income	**–**	**2,366**	**2,366**	-	2,209	2,209	-	2,513	2,513
Other debtors	**–**	**1,311**	**1,311**	-	1,108	1,108	-	1,232	1,232
Total	**–**	**7,757**	**7,757**	-	6,820	6,820	-	9,163	9,163
Investments of long-term business and other operations:									
Investment properties	**10,479**	**–**	**10,479**	13,529	-	13,529	11,992	-	11,992
Investments accounted for using the equity method	**–**	**6**	**6**	-	16	16	-	10	10
Financial investments:									
Loans	**–**	**8,613**	**8,613**	-	8,719	8,719	-	10,491	10,491
Equity securities and portfolio holdings in unit trusts (note (b))	**56,069**	**–**	**56,069**	75,876	-	75,876	62,122	-	62,122
Debt securities (note (b))	**89,399**	**–**	**89,399**	83,806	-	83,806	95,224	-	95,224
Other investments (note (b))	**6,085**	**–**	**6,085**	4,528	-	4,528	6,301	-	6,301
Deposits	**8,806**	**–**	**8,806**	8,194	-	8,194	7,294	-	7,294
Total	**170,838**	**8,619**	**179,457**	185,933	8,735	194,668	182,933	10,501	193,434
Properties held for sale	**5**	**–**	**5**	-	-		-	-	-
Cash and cash equivalents	**6,542**	**–**	**6,542**	4,844	-	4,844	5,955	-	5,955
Total assets	**177,385**	**22,001**	**199,386**	190,777	20,378	211,155	188,888	26,654	215,542
Percentage of Group assets	**89%**	**11%**	**100%**	90%	10%	100%	88%	12%	100%

Notes

(a) Assets carried at cost or amortised cost are subject to impairment testing where appropriate under IFRS requirements.

(b) These assets comprise financial instruments requiring fair valuation under IAS 39 with a value of £151.5 billion (30 June 2008: £164.2 billion; 31 December 2008: £163.6 billion).

Schedule 17.7 (continued)

(c) Valuation techniques

In March 2009 IFRS 7 Financial Instruments: Disclosures was amended by the IASB to require certain additional disclosures to be included in IFRS financial statements, including the presentation of a fair value hierarchy. These changes will be implemented in full by Prudential as part of the 2009 full year financial statements.

The Group's use of valuation techniques demonstrated by the following information on our US insurance operations:

The carrying value of financial investments (including derivative liabilities) on the US insurance operations balance sheet which are not quoted on active markets and for which fair value is determined using internal valuation techniques, or is provided by third party brokers or pricing services is as follows:

	At 30 June 2009 £m	At 31 December 2008 £m
Debt securities	**20,890**	24,246
Equity securities	**183**	235
Other investments (including derivative assets)	**1,074**	1,215
	22,147	25,696
Derivative liabilities	**(561)**	(863)
Net of derivative liabilities	**21,586**	24,833

All of the investments above are held to back fixed annuity, GIC and other non variable annuity separate account business.

The majority of the financial instruments valued using valuation techniques were debt securities.

Of the £20,890 million (2008 £24,246 million) debt securities valued using valuation techniques £20,112m (2008 £20,565 million) comprises "Level 2" and £778m (2008 £3,681 million) comprises "Level 3" using the fair value hierarchy defined under IFRS 7.

The majority of the debt securities of the US insurance operations are priced by independent pricing services and included as "Level 2". As a result of typical trading volumes and the lack of quoted market prices for most debt securities, independent pricing services will normally derive the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information. If there are no reported trades the independent pricing services and brokers may use matrix or pricing model processes to develop a security where future cash flow expectations are developed based upon collateral performance and discounted at relevant market rates.

As noted in Schedule 14.3, in 2008, due to inactive and illiquid markets the external prices for certain asset backed securities were deemed not to reflect fair value in the dislocated market conditions at that time. For valuations at 31 December 2008, Jackson therefore utilised internal valuation models as the best estimate of fair values of all non-agency Residential Mortgage-backed Securities (RMBS) and Asset Backed Securities (ABS) and certain Commercial Mortgage-Backed Securities. These assets were classified as Level 3 at 31 December 2008.

During 2009 improvements were observed in the level of the liquidity for these sectors of structured securities and at 30 June 2009 Jackson relied on external prices for the fair value of nearly all these assets. Where external valuations have been used these are classified as Level 2 at 30 June 2009. This accounts for the majority of the movement between level 2 and level 3.

Schedule 17.7
(continued)

Summary of the Group's accounting policies on the basis of valuation of financial investments

(i) Financial instruments

Investment classification

Upon initial recognition, financial investments are measured at fair value. Subsequently, the Group is permitted under IAS 39, subject to specific criteria, to designate its investments as either financial investments at fair value through profit and loss, financial investments held on an available-for-sale basis, financial investments held-to-maturity, or loans and receivables. The Group holds financial investments on the following bases:

(i) Financial assets and liabilities at fair value through profit and loss – this comprises assets and liabilities designated by management as fair value through profit and loss on inception and derivatives. These investments are measured at fair value with all changes thereon being recognised in investment income.

(ii) Financial investments on an available-for-sale basis – this comprises assets that are designated by management and / or do not fall into any of the other categories. These investments are carried at fair value. Interest income is recognised on an effective interest basis in the income statement. Except for foreign exchange gains and losses on debt securities, not in functional currency, which are included in the income statement, unrealised gains and losses are recognised in equity as part of the statement of comprehensive income (loss). Upon disposal or impairment, accumulated unrealised gains and losses are transferred from other comprehensive income (loss) to the income statement as realised gains or losses.

(iii) Loans and receivables – this comprises investments that have fixed or determinable payments and are not designated as fair value through profit and loss or available-for-sale. These investments include loans collateralised by mortgages, deposits, loans to policyholders and other unsecured loans and receivables. These investments are carried at amortised cost using the effective interest method.

The Group has designated certain financial assets as fair value through profit and loss as these assets are managed and their performance is evaluated on a fair value basis. These assets represent all of the Group's financial assets except all loans and receivables and debt securities held by Jackson. Debt securities held by Jackson are accounted for on an available-for-sale basis. The use of the fair value option is consistent with the Group's risk management and investment strategies.

The Group uses the trade date method to account for regular purchases and sales of financial assets.

Use of fair values

The Group uses current bid prices to value its quoted investments. Actively traded investments without quoted prices are valued using external broker bid prices. If there is no active established market for an investment, the Group applies an appropriate valuation technique such as a discounted cash flow technique.

Impairments

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets not held at fair value through profit and loss is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that a loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group. For assets designated as available-for-sale, the impairment is measured as the difference between the amortised cost of the asset and its fair value, which is removed from the available-for-sale reserve within other comprehensive income (loss) and recognised in the income statement.

For loans and receivables carried at amortised cost, the impairment amount is the difference between amortised cost and the present value of the expected cash flows discounted at the original effective interest rate.

Schedule 17.7
(continued)

If, in subsequent periods, an impaired debt security held on an available-for-sale basis or an impaired loan or receivable recovers in value (in part or in full), and this recovery can be objectively related to an event occurring after the impairment, then the previously recognised impairment loss is reversed through the income statement (in part or in full).

Derivatives and hedge accounting

Derivative financial instruments are used to reduce or manage investment, interest rate and currency exposures, to facilitate efficient portfolio management and for investment purposes. The Group's policy is that amounts at risk through derivative transactions are covered by cash or by corresponding assets.

The Group may designate certain derivatives as hedges. This includes fair value hedges, cash flow hedges and hedges of net investments in foreign operations. If the criteria for hedge accounting are met then the following accounting treatments are applied from the date at which the designation is made and the accompanying requisite documentation is in place:

(i) Hedges of net investments in foreign operations – the effective portion of any change in fair value of derivatives or other financial instruments designated as net investment hedges are recognised in equity. The ineffective portion of changes in the fair value of the hedging instrument is recorded in the income statement. The gain or loss on the hedging instrument recognised directly in equity is recognised in the income statement on disposal of the foreign operation.

(ii) Fair value hedges – movements in the fair value of the hedged item attributable to the hedged risk are recognised in the income statement.

(iii) Cash flow hedges – the effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in equity. Movements in fair value relating to the ineffective portion are booked in the income statement. Amounts recognised directly in equity are recorded in the income statement in the periods in which the hedged item affects profit or loss.

All derivatives that do not meet the relevant hedging criteria are carried at fair value with movements in fair value being recorded in the income statement.

The primary areas of the Group's operations where derivative instruments are held are the UK with-profits funds and annuity business, and Jackson.

For the Group's operations, hedge accounting under IAS 39 is not usually applied.

For UK with-profits funds, the derivative programme is undertaken as part of the efficient management of the portfolio as a whole. Value movements on the with-profits funds investments are reflected in changes in asset-share liabilities to policyholders or the liability for unallocated surplus. Shareholders' profit or equity is not affected directly by value movements on the derivatives held.

For UK annuity business, the derivatives are held as part of the overall matching of asset returns and duration to match, as far as practical, with liabilities to policyholders. The carrying value of these liabilities is sensitive to the return on the matching financial assets including derivatives held. Except for the extent of minor mismatching, value movements on derivatives held for this purpose do not affect shareholders' profit or equity.

For Jackson an extensive derivative programme is maintained. Value movements on the derivatives held can be very significant in their effect on shareholder results. The Group has chosen to not generally seek to construct the Jackson derivative programme so as to facilitate hedge accounting where theoretically possible, under IAS 39.

Schedule 17.7 (continued)

Embedded derivatives

Embedded derivatives are held by various Group companies including Jackson. They are embedded within other non-derivative host financial instruments to create hybrid instruments. Where economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument, and where the hybrid instrument is not measured at fair value with the changes in fair value recognised in the income statement, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with IAS 39.

In Jackson, for full year 2008 and subsequently, the embedded derivative liabilities for Guaranteed Minimum Withdrawal Benefit (GMWB), Guaranteed Minimum Income Benefit (GMIB) reinsurance, and Fixed Indexed Annuity business are valued by reference to AA corporate bond rates. Previously, the liabilities had been measured by reference to swap rates. The reason for the change in 2008 is the anomalous swap curves applying in the current dislocated credit markets.

(ii) Investment properties

Investments in leasehold and freehold properties not for occupation by the Group are carried at fair value, with changes in fair value included in the income statement. Properties are valued annually either by the Group's qualified surveyors or professional external valuers using the Royal Institution of Chartered Surveyors (RICS) guidelines. The RICS guidelines apply separate assumptions to the value of the land, buildings and tenancy associated with each property. Each property is externally valued at least once every three years.

The cost of additions and renovations is capitalised and considered when estimating fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific property. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets.

Prudential PLC
2009 Unaudited Interim Results

Schedule 18.1

Reconciliation of movement in investments

A reconciliation of the Group's directly held investments from the beginning of the period to the end of the period is as follows:

	Insurance operations			Total insurance operations	Asset management operations	Unallocated to a segment	Group total
	UK £m	US £m	Asia £m	£m	£m	£m	£m
At 1 January 2008							
Total investments (including derivative assets)	143,539	38,795	18,244	200,578	3,414	58	204,050
Less: Investments held by consolidated investment funds	(662)	–	(683)	(1,345)	–	–	(1,345)
Less: Derivative liabilities	(689)	(158)	(2)	(849)	(186)	(45)	(1,080)
Directly held investments, net of derivative liabilities	142,188	38,637	17,559	198,384	3,228	13	201,625
Net cash inflow from operating activities	887	2,862	2,596	6,345	(615)	85	5,815
Realised gains (losses) in the year	73	(385)	(273)	(585)	9	(36)	(612)
Unrealised gains (losses) in the year	(26,932)	(8,825)	(4,199)	(39,956)	(156)	(19)	(40,131)
Foreign exchange translation differences	1,636	13,019	4,993	19,648	545	2	20,195
Movement in the year of directly held investments, net of derivatives	(24,336)	6,671	3,117	(14,548)	(217)	32	(14,733)
At 31 December 2008 / 1 January 2009							
Total investments (including derivative assets)	121,862	46,171	21,809	189,842	3,303	289	193,434
Less: Investments held by consolidated investment funds	(609)	-	(1,101)	(1,710)	-	-	(1,710)
Less: Derivative liabilities	(3,401)	(863)	(32)	(4,296)	(292)	(244)	(4,832)
Directly held investments, net of derivative liabilities	117,852	45,308	20,676	183,836	3,011	45	186,892
Net cash inflow from operating activities	566	448	1,236	2,250	182	10	2,442
Disposal of Taiwan agency business			(3,261)	(3,261)			(3,261)
Realised gains (losses) in the year	(1,475)	(300)	(463)	(2,238)	(14)	46	(2,206)
Unrealised gains (losses) in the year	(1,741)	1,678	1,962	1,899	2	3	1,904
Foreign exchange translation differences	(692)	(5,828)	(2,511)	(9,031)	(287)	(1)	(9,319)
Reclassification of property under development	131			131			131
Movement in the year of directly held investments, net of derivatives	(3,211)	(4,002)	(3,037)	(10,250)	(117)	58	(10,309)
At 30 June 2009							
Total investments (including derivative assets)	116,112	41,867	18,291	176,270	2,964	223	179,457
Less: Investments held by consolidated investment funds	(888)	–	(607)	(1,495)	–	–	(1,495)
Less: Derivative liabilities	(583)	(561)	(45)	(1,189)	(70)	(120)	(1,379)
Directly held investments, net of derivative liabilities	114,641	41,306	17,639	173,586	2,894	103	176,583

Prudential PLC
2009 Unaudited Interim Results

Schedule 18.2

UK Insurance Operations Movement in Investments

A reconciliation of the investments held directly by UK insurance operations from the beginning of the year to the end of the year is as follows:

		PAC with-profits sub-fund			Other funds and subsidiaries		
	Scottish Amicable Insurance Fund £m	Excluding Prudential Annuities Limited £m	Prudential Annuities Limited £m	Total £m	Unit-linked assets and liabilities £m	Annuity and other long-term business £m	Total £m
At 1 January 2008							
Total investments (including derivative assets)	13,665	78,487	14,515	93,002	18,047	18,825	143,539
Less: Investments held by consolidated investment funds	–	–	–	–	–	(662)	(662)
Less: Derivative liabilities	(112)	(477)	(47)	(524)	–	(53)	(689)
Directly held investments, net of derivative liabilities	13,553	78,010	14,468	92,478	18,047	18,110	142,188
Net cash inflow from operating activities	(1,245)	(1,396)	(211)	(1,607)	811	2,928	887
Realised gains (losses) in the year	276	84	25	109	(156)	(156)	73
Unrealised gains (losses) in the year	(2,560)	(17,991)	(1,236)	(19,227)	(3,568)	(1,577)	(26,932)
Foreign exchange translation differences	–	1,631	3	1,634	(1)	3	1,636
Movement in the year of directly held investments, net of derivatives	(3,529)	(17,672)	(1,419)	(19,091)	(2,914)	1,198	(24,336)
At 31 December 2008 / 1 January 2009							
Total investments (including derivative assets)	10,438	62,814	13,329	76,143	15,571	19,710	121,862
Less: Investments held by consolidated investment funds	-	(145)	-	(145)	(424)	(40)	(609)
Less: Derivative liabilities	(414)	(2,331)	(280)	(2,611)	(14)	(362)	(3,401)
Directly held investments, net of derivative liabilities	10,024	60,338	13,049	73,387	15,133	19,308	117,852
Net cash inflow from operating activities	(508)	185	(80)	105	160	809	566
Realised gains (losses) in the year	(11)	(1,056)	30	(1,026)	(312)	(126)	(1,475)
Unrealised gains (losses) in the year	(529)	(1,006)	(291)	(1,297)	215	(130)	(1,741)
Foreign exchange translation differences	–	(688)	(2)	(690)	–	(2)	(692)
Reclassification of property under development		131		131			131
Movement in the year of directly held investments, net of derivatives	(1,048)	(2,434)	(343)	(2,777)	63	551	(3,211)
At 30 June 2009							
Total investments (including derivative assets)	9,001	58,496	12,884	71,380	15,670	20,061	116,112
Less: Investments held by consolidated investment funds	–	(358)	(19)	(377)	(474)	(37)	(888)
Less: Derivative liabilities	(25)	(234)	(159)	(393)	–	(165)	(583)
Directly held investments, net of derivative liabilities	8,976	57,904	12,706	70,610	15,196	19,859	114,641

Prudential PLC
2009 Unaudited Interim Results

Schedule 18.3

US Insurance Operations Movement in Investments

A reconciliation of the investments held directly by US insurance operations from the beginning of the period to the end of the period is as follows:

	Variable annuity separate account assets and liabilities £m	Fixed annuity, GIC and other business £m	US insurance operations £m
At 1 January 2008			
Total investments (including derivative assets)	15,027	23,768	38,795
Less: Derivative liabilities	–	(158)	(158)
Directly held investments, net of derivative liabilities	15,027	23,610	38,637
Net cash inflow from operating activities	1,363	1,499	2,862
Realised gains (losses) in the year	–	(385)	(385)
Unrealised gains (losses) in the year	(5,924)	(2,901)	(8,825)
Foreign exchange translation differences	4,072	8,947	13,019
Movement in the year of directly held investments, net of derivatives	(489)	7,160	6,671
At 31 December 2008 / 1 January 2009			
Total investments (including derivative assets)	14,538	31,633	46,171
Less: Derivative liabilities	-	(863)	(863)
Directly held investments, net of derivative liabilities	14,538	30,770	45,308
Net cash inflow from operating activities	1,120	(672)	448
Realised gains (losses) in the year	–	(300)	(300)
Unrealised gains (losses) in the year	772	906	1,678
Foreign exchange translation differences	(1,918)	(3,910)	(5,828)
Movement in the year of directly held investments, net of derivatives	(26)	(3,976)	(4,002)
At 30 June 2009			
Total investments (including derivative assets)	14,512	27,355	41,867
Less: Derivative liabilities	–	(561)	(561)
Directly held investments, net of derivative liabilities	14,512	26,794	41,306

Prudential PLC
2009 Unaudited Interim Results

Schedule 18.4

Asian Insurance Operations Movement in Investments

A reconciliation of the investments held directly by Asian insurance operations from the beginning of the period to the end of the period is as follows:

	With-profits business £m	Unit-linked assets and liabilities £m	Other £m	Total £m
At 1 January 2008				
Total investments (including derivative assets)	7,418	6,790	4,036	18,244
Less: Investments held by consolidated investment funds	(218)	–	(465)	(683)
Less: Derivative liabilities	–	–	(2)	(2)
Directly held investments, net of derivative liabilities	7,200	6,790	3,569	17,559
Net cash inflow from operating activities	342	1,786	468	2,596
Realised gains (losses) in the year	(236)	(99)	62	(273)
Unrealised gains (losses) in the year	(1,362)	(2,685)	(152)	(4,199)
Foreign exchange translation differences	2,217	1,385	1,391	4,993
Movement in the year of directly held investments, net of derivatives	961	387	1,769	3,117
At 31 December 2008 / 1 January 2009				
Total investments (including derivative assets)	8,866	7,330	5,613	21,809
Less: Investments held by consolidated investment funds	(705)	(153)	(243)	(1,101)
Less: Derivative liabilities	-	-	(32)	(32)
Directly held investments, net of derivative liabilities	8,161	7,177	5,338	20,676
Net cash inflow from operating activities	247	642	347	1,236
Disposal of Taiwan agency business		(734)	(2,527)	(3,261)
Realised gains (losses) in the year	(289)	(94)	(80)	(463)
Unrealised gains (losses) in the year	664	1,308	(10)	1,962
Foreign exchange translation differences	(1,065)	(928)	(518)	(2,511)
Movement in the year of directly held investments, net of derivatives	(443)	194	(2,788)	(3,037)
At 30 June 2009				
Total investments (including derivative assets)	7,975	7,554	2,762	18,291
Less: Investments held by consolidated investment funds	(213)	(182)	(212)	(607)
Less: Derivative liabilities	(44)	(1)	–	(45)
Directly held investments, net of derivative liabilities	7,718	7,371	2,550	17,639

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 18.5

Asset Management Movement in Investments

A reconciliation of the investments held directly by Asset Management operations from the beginning of the period to the end of the period is as follows:

	M&G £m	US £m	Asia £m	Total £m
At 1 January 2008				
Total investments (including derivative assets)	3,334	34	46	3,414
Less: Investments held by consolidated investment funds	–	–	–	–
Less: Derivative liabilities	(186)	–	–	(186)
Directly held investments, net of derivative liabilities	3,148)	34	46	3,228
Net cash inflow from operating activities	(601)	–	(14)	(615)
Realised gains (losses) in the year	9	–	–	9
Unrealised gains (losses) in the year	(148)	(7)	(1)	(156)
Foreign exchange translation differences	516	13	16	545
Movement in the year of directly held investments, net of derivatives	(224)	6	1	(217)
At 31 December 2008 / 1 January 2009				
Total investments (including derivative assets)	3,216	40	47	3,303
Less: Derivative liabilities	(292)	-	-	(292)
Directly held investments, net of derivative liabilities	2,924	40	47	3,011
Net cash inflow from operating activities	211	(19)	(10)	182
Realised gains (losses) in the year	(14)	–	–	(14)
Unrealised gains (losses) in the year	8	(7)	1	2
Foreign exchange translation differences	(275)	(5)	(7)	(287)
Movement in the year of directly held investments, net of derivatives	(70)	(31)	(16)	(117)
30 June 2009				
Total investments (including derivative assets)	2,924	9	31	2,964
Less: Derivative liabilities	(70)	–	–	(70)
Directly held investments, net of derivative liabilities	2,854	9	31	2,894

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 19.1

IFRS basis results - Analysis of movement in policyholder liabilities and unallocated surplus of with-profits funds

Group insurance operations

A reconciliation of the total policyholder liabilities and unallocated surplus of with-profits funds of the Group is as follows:

	Insurance operations			
	UK	US	Asia	Total
	(schedule 19.2)	(schedule 19.3)	(schedule 19.4)	
	£m	£m	£m	£m
At 1 January 2008	138,290	34,848	17,179	190,317
Premiums	9,372	6,728	4,162	20,262
Surrenders	(4,281)	(3,852)	(1,191)	(9,324)
Maturities/Deaths	(8,324)	(564)	(354)	(9,242)
Shareholders transfers post tax	(284)	0	(23)	(307)
Investment-related items and other movements	(16,331)	(4,552)	(4,293)	(25,176)
Foreign exchange translation differences	(2,481)	12,753	5,589	15,861
At 31 December 2008 / 1 January 2009	115,961	45,361	21,069	182,391
Premiums	3,511	3,850	1,712	9,073
Surrenders	(2,008)	(2,244)	(498)	(4,750)
Maturities/Deaths	(3,636)	(404)	(166)	(4,206)
Shareholders transfers post tax	(105)	–	(9)	(114)
Change in reserving basis in Malaysia	–	–	(63)	(63)
Investment-related items and other movements	(1,316)	884	2,377	1,945
Foreign exchange translation differences	(23)	(5,955)	(2,682)	(8,660)
Disposal of Taiwan agency business	–	–	(3,508)	(3,508)
At 30 June 2009	112,384	41,492	18,232	172,108

Prudential PLC
2009 Unaudited Interim Results

Schedule 19.2

IFRS basis results - Analysis of movement in policyholder liabilities and unallocated surplus of with-profits funds

UK insurance operations

A reconciliation of the total policyholder liabilities and unallocated surplus of with-profits funds of UK insurance operations is as follows:

	Other funds and subsidiaries			
	SAIF and PAC with-profits sub-fund	Unit-linked liabilities	Annuity and other long-term business	Total
	£m	£m	£m	£m
At 1 January 2008	103,772	18,977	15,541	138,290
Premiums	3,157	2,435	3,780	9,372
Surrenders	(2,336)	(1,838)	(107)	(4,281)
Maturities/Deaths	(6,309)	(666)	(1,349)	(8,324)
Shareholders transfers post tax	(284)	–	–	(284)
Switches	(360)	360	–	–
Assumption changes (shareholder backed business)	–	–	447	447
Investment-related items and other movements	(13,049)	(2,952)	(777)	(16,778)
Foreign exchange translation differences	(2,483)	2	–	(2,481)
At 31 December 2008 / 1 January 2009	82,108	16,318	17,535	115,961
Premiums	1,688	893	930	3,511
Surrenders	(1,181)	(798)	(29)	(2,008)
Maturities/Deaths	(2,688)	(345)	(603)	(3,636)
Shareholders transfers post tax	(105)	–	–	(105)
Switches	(135)	135	–	–
Investment-related items and other movements (note 19.2a)	(1,347)	76	(45)	(1,316)
Foreign exchange translation differences	(22)	(1)	–	(23)
At 30 June 2009	78,318	16,278	17,788	112,384

Note

19.2a Investment-related items and other movements in the SAIF and PAC with-profits sub-fund are mainly as a result of unrealised losses on equity securities and lower revaluation surplus on investment properties in the period.

Schedule 19.3

IFRS basis results - Analysis of movement in policyholder liabilities and unallocated surplus of with-profits funds

US insurance operations

	Variable annuity separate account liabilities £m	Fixed annuity, GIC and other business £m	Total £m
At 1 January 2008	15,027	19,821	34,848
Premiums	2,637	4,091	6,728
Surrenders	(1,053)	(2,799)	(3,852)
Maturities/Deaths	(161)	(403)	(564)
Investment-related items and other movements	(6,288)	1,736	(4,552)
Foreign exchange translation differences (note 19.3a)	4,376	8,377	12,753
At 31 December 2008 / 1 January 2009	14,538	30,823	45,361
Premiums (note 19.3b)	1,698	2,152	3,850
Surrenders	(475)	(1,769)	(2,244)
Maturities/Deaths	(108)	(296)	(404)
Transfers from general to separate account	234	(234)	0
Investment-related items and other movements (note 19.3c)	659	225	884
Foreign exchange translation differences (note 19.3a)	(2,034)	(3,921)	(5,955)
At 30 June 2009	**14,512**	**26,980**	**41,492**

Notes

19.3a Movements in the period have been translated at an average rate of 1.4928 (full year 2008: 1.8518). The closing balance has been translated at closing rate of 1.6469 (full year 2008: 1.4378). Differences upon retranslation are included in foreign exchange translation differences.

19.3b Net cash flows (premiums less surrenders and maturities/deaths) were £1,202 million for the six months ended 30 June 2009 compared with £2,312 million for the 12 months ended 31 December 2008. These continuing strong positive in-flows reflected the increased new business volumes particularly of variable annuity business, in the period.

19.3c The positive investment-related and other movements in variable annuity separate account liabilities are mainly impacted by market movements in the period. The positive movement in investment and other movements of fixed annuity, GIC and other business primarily represents interest credited to policyholder accounts net of a reduction in the liabilities for variable annuity guarantees following improvements in equity markets and increases in interest rates.

Prudential PLC
2009 Unaudited Interim Results

Schedule 19.4

IFRS basis results - Analysis of movement in policyholder liabilities and unallocated surplus of with-profits funds

Asian insurance operations

	Other funds and subsidiaries			
	With-profits business	**Unit-linked liabilities**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**
At 1 January 2008	6,547	6,971	3,661	17,179
Premiums				
New business	391	1,252	233	1,876
In force	647	1,009	630	2,286
	1,038	2,261	863	4,162
Surrenders	(354)	(614)	(223)	(1,191)
Maturities / Deaths	(181)	(14)	(159)	(354)
Shareholders transfers post tax	(23)	–	–	(23)
Investment-related items and other movements	(1,320)	(3,158)	185	(4,293)
Foreign exchange translation differences (note 19.4a)	2,387	1,774	1,428	5,589
At 31 December 2008 / 1 January 2009	8,094	7,220	5,755	21,069
Premiums				
New business (note 19.4b)	58	255	221	534
In force	358	576	244	1,178
	416	831	465	1,712
Surrenders	(207)	(197)	(94)	(498)
Maturities / Deaths	(133)	(9)	(24)	(166)
Shareholders transfers post tax	(9)	0	0	(9)
Change in reserving basis in Malaysia (note 19.4c)	0	(9)	(54)	(63)
Investment-related items and other movements (note 19.4 d)	981	1,374	22	2,377
Foreign exchange translation differences (note 19.4a)	(1,108)	(977)	(597)	(2,682)
Disposal of Taiwan agency business (note 19.4e)	0	(724)	(2,784)	(3,508)
At 30 June 2009	8,034	7,509	2,689	18,232

Notes

19.4a Movements in the period have been translated at the average exchange rate for the six months ended 30 June 2009. The closing balance has been translated at the closing spot rate as at 30 June 2009. Differences upon retranslation are included in foreign exchange translation differences.

19.4b New business premiums in the six months ended 30 June 2009 reflect the decline in new business sales as well as a switch from single to regular premiums business.

19.4c The change in reserving basis in Malaysia of £63 million reflects the change made following the adoption of a risk based capital (RBC) approach to the local regulatory reporting in that country.

19.4d The positive investment related and other items and other movements for with-profits and unit-linked business are mainly driven from Asian equity market gains in the period.

19.4e The disposal of Taiwan agency business reflects the liabilities transferred at the date of disposal.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 20

IFRS basis results - Shareholders' funds summary by business unit

	Half year 2009 £m	Half year 2008 £m	Full year 2008 £m
Asian operations			
Insurance operations			
Net assets of operation	**1,496**	1,234	2,056
Acquired goodwill	**80**	111	111
	1,576	1,345	2,167
Asset management			
Net assets of operation	**144**	126	167
Acquired goodwill	**61**	61	61
Total	**205**	187	228
	1,781	1,532	2,395
US operations			
Jackson (net of surplus note borrowings (note 20a)	**2,046**	2,461	1,698
Broker-dealer, asset management and Curian operations	**101**	85	114
Total	**2,147**	2,546	1,812
UK operations			
Insurance operations	**1,749**	1,346	1,655
M&G			
Net assets of operation	**178**	193	147
Acquired goodwill	**1,153**	1,153	1,153
	1,331	1,346	1,300
Total	**3,080**	2,692	2,955
Other operations			
Holding company net borrowings (note 20a)	**(1,495)**	(903)	(1,620)
Shareholders' share of deficit on the Prudential Staff and Scottish Amicable defined benefit pension schemes (net of tax) (note 21c on schedule 21)	**(69)**	(71)	(31)
Other net liabilities	**(724)**	(244)	(453)
Total	**(2,288)**	(1,218)	(2,104)
Total	**4,720**	5,552	5,058

Prudential PLC
2009 Unaudited Interim Results

Schedule 20 (continued)

Note

20a Net core structural borrowings of shareholder-financed operations comprise:

	Half year 2009	Half year 2008	Full year 2008
	£m	£m	£m
Core structural borrowings of shareholder-financed operations:			
Perpetual subordinated capital securities (Innovative Tier 1*)	**950**	765	1,059
Subordinated notes (Lower Tier 2*)	**1,248**	838	928
Senior debt:			
2009	**–**	249	249
2023	**300**	300	300
2029	**249**	249	249
Holding company total	**2,747**	2,401	2,785
Less: Holding company** cash and short-term investments (recorded within the consolidated statement of financial position)	**(1,252)**	(1,498)	(1,165)
Holding company net borrowings	**1,495**	903	1,620
Jackson surplus notes (Lower Tier 2*)	**152**	125	173
Net core structural borrowings of shareholder-financed operations	**1,647**	1,028	1,793

* These debt classifications are consistent with the treatment of capital for regulatory purposes, as defined in the FSA handbook.
** Including central finance subsidiaries.

Prudential PLC
2009 Unaudited Interim Results

Schedule 21

IFRS basis results - Retirement benefits - summary of financial position of defined benefit pension schemes

	Surplus (deficit) in scheme at 1 January 2009 (note 21b)	(Charge) credit to income statement: Operating results (based on longer-term investment returns) (note 21e)	(Charge) credit to income statement: Actuarial and other gains and losses (note 21f)	Contributions paid	Surplus (deficit) in scheme at 30 June 2009
	£m	£m	£m	£m	£m
ALL SCHEMES					
UNDERLYING POSITION (WITHOUT THE EFFECT OF IFRIC 14)					
Surplus (deficit)	661	(37)	(353)	46	317
Less: amount attributable to PAC with-profits fund	(483)	17	223	(23)	(266)
Shareholders' share:					
Pre-tax surplus (deficit)	178	(20)	(130)	23	51
Related tax	(50)	6	35	(6)	(15)
Net of shareholders' tax	128	(14)	(95)	17	36
EFFECT OF IFRIC 14 (notes 21d, 21e and 21f)					
Surplus (deficit)	(793)	14	219	–	(560)
Less: amount attributable to PAC with-profits fund	550	(10)	(152)	–	388
Shareholders' share:					
Pre-tax (deficit) surplus	(243)	4	67	–	(172)
Related tax	68	(1)	(18)	–	49
Net of shareholders' tax	(175)	3	49	–	(123)
WITH THE EFFECT OF IFRIC 14					
Surplus (deficit)	(132)	(23)	(134)	46	(243)
Less: amount attributable to PAC with-profits fund	67	7	71	(23)	122
Shareholders' share:					
Pre-tax (deficit) surplus	(65)	(16)	(63)	23	(121)
Related tax	18	5	17	(6)	34
Net of shareholders' tax	(47)	(11)	(46)	17	(87)

Schedule 21
(continued)

Notes

21a The table reflects the financial position of the defined benefit schemes on an 'economic basis'. This is the IAS 19 basis adjusted to include scheme assets invested in Prudential Group insurance policies. At 30 June 2009, M&G Pension Scheme had invested £161 million in Prudential Group insurance policies. The PSPS scheme has also invested £110 million of scheme assets in Prudential Group insurance policies, however the Company's interest in the surplus of PSPS is not recognised in compliance with IAS 1.

21b The surplus (deficit) of the pension schemes at 1 January 2009 has been adjusted from the previously published presentation to exclude the deficit of the small Taiwan pension scheme. Following the disposal of the Taiwan agency business in 2009, the Group has settled the majority of the obligations under this scheme relating to the employees which were transferred out.

21c The principal defined benefit pension scheme is PSPS. In the UK there are two smaller schemes, the Scottish Amicable Pension Scheme and the M&G Pension Scheme.

21d IFRIC 14, an interpretation on IAS 19 for Employee Benefits was adopted by the Group in 2008. Applying the principles of IFRIC 14 has had an effect on the Group's interest in the financial position of PSPS. As shown in the table above, the Group has not recognised the underlying PSPS pension surplus of £492 million as it has no unconditional right of refund to any surplus in PSPS under the terms of the Trust Deed.
Additionally, under IFRIC 14, the Group is required to recognise a liability for deficit funding obligation in schemes for which it has no unconditional right of refund to any surplus. Although the contributions will increase the surplus in the scheme, the corresponding asset will not be recognised in the Group financial statements in compliance with IAS 19. At 30 June 2009, the Group has recognised a liability for deficit funding for PSPS of £68 million.

21e The components of the (charge) credit to operating profit (gross of allocation of the share attributable to the PAC with-profits fund) are as follows:

	Half year 2009 £m
Service cost	(16)
Finance (expense) income:	
Interest on pension scheme liabilities	(140)
Expected return on assets	119
Total credit (charge) without the effect IFRIC 14	(37)
Effect of IFRIC 14 for pension schemes	14
Total credit (charge) after the effect of IFRIC 14	(23)

The net charge to operating profit (gross of the share attributable to the PAC with-profits fund) of £23 million is made up of a charge of £13 million relating to PSPS and a charge of £10 million for other schemes. This net charge represents:

	Half year 2009 £m
Underlying IAS 19 charge for other pension schemes	(10)
Cash costs for PSPS	(11)
Unwind of discount on opening provision for deficit funding for PSPS	(2)
	(23)

Consistent with the derecognition of the Company's interest in the underlying IAS 19 surplus of PSPS, the charge to operating profit on longer-term investment returns for PSPS reflects the cash cost of contributions for ongoing service of active members. In addition, the charge to the operating results also includes a charge for the unwind of discount on the opening provision for deficit funding for PSPS.

Schedule 21 (continued)

21f The components of the credit (charge) for actuarial and other gains and losses (gross of allocation of the share attributable to the PAC with-profits fund) are as follows:

	Half year 2009 £m
Actual less expected return on assets	(405)
(Losses) gains on changes of assumptions for plan liabilities	50
Experience losses (gains) on liabilities	2
Total charge without the effect of IFRIC 14	(353)
Effect of IFRIC 14 for pension schemes	219
Actuarial and other gains and losses after the effect of IFRIC 14	(134)

The net charge for actuarial and other gains and losses is recorded within the income statement but, within the supplementary analysis of profit, the shareholders' share of actuarial and other gains and losses (i.e. net of allocation of the share to the PAC with-profits funds) is excluded from operating profit based on longer-term investment returns.

The half year 2009 actuarial losses of £(353) million reflects the shortfall of market returns over long term assumptions and the effect of increases in inflation rates partially offset by the effect of an increase in risk discount rate.

Consistent with the derecognition of the Company's interest in the underlying IAS 19 surplus of PSPS, the actuarial gains and losses do not include those of PSPS. In addition, as a result of applying of IFRIC 14, the Group has recognised a provision for deficit funding in respect of PSPS. The change in half year 2009 in relation to this provision recognised above as other gains and losses on defined benefit pension schemes is £29 million.

21g The actuarial assumptions applied in determining the underlying pension scheme liabilities of the UK schemes are as follows:

	1 January 2009 %	30 June 2009 %
Discount rate	6.1	6.4
Rate of increase in salaries	5.0	5.6
Price inflation	3.0	3.6
Rate of increase of pensions in payment for inflation:		
Guaranteed (maximum 5 per cent)	3.0	3.6
Guaranteed (maximum 2.5 per cent)	2.5	2.5
Discretionary	2.5	2.5

The discount rate has been determined by reference to an 'AA' corporate bond index adjusted to allow for the difference in duration between the index and the pension liabilities where relevant. The current mortality assumptions are as follows:

Male: 100 per cent PMA92 with CMIR17 improvements to the valuation date and medium cohort improvements subject to a floor of 1.75 per cent up to the age of 90, decreasing linearly to zero by the age of 120.

Female: 100 per cent PFA92 with CMIR17 improvements to the valuation date and 75 per cent medium cohort improvements subject to a floor of 1.0 per cent up to the age of 90, decreasing linearly to zero by the age of 120.

21h The underlying statement of financial position of the pension schemes on an economic basis before the effect of applying IFRIC 14 for pension schemes is as follows:

	30 June 2009 £m	31 December 2008 £m
Equities	**1,028**	1,036
Bonds	**3,024**	2,707
Properties	**267**	300
Cash-like investments	**678**	1,271
Total value of assets	**4,997**	5,314
Present value of benefit obligations	**(4,680)**	(4,653)
Pre-tax surplus/(deficit)	**317**	661

21i Sensitivity of the underlying pension scheme liabilities to key variables

The table below shows the sensitivity of the underlying pension scheme liabilities at 30 June 2009 of £4,680 million (31 December 2008:£4,653 million) to changes in discount rates and inflation rates.

(a) 30 June 2009

Assumption	Change in assumption	Impact on scheme liabilities on IAS 19 basis	
Discount rate	Decrease by .0.2 % from 6.4% to 6.2%	Increase in scheme liabilities by	3.5%
Discount rate	Increase by 0.2% from 6.4% to 6.6%	Decrease in scheme liabilities by	3.3%
Rate of inflation	Decrease by 0.2% from 3.6 % to 3.4 % with consequent reduction in salary increases	Decrease in scheme liabilities by	1.4%

(b) 31 December 2008

Assumption	Change in assumption	Impact on scheme liabilities on IAS 19 basis	
Discount rate	Decrease by 0.2% from 6.1% to 5.9%	Increase in scheme liabilities by:	3.5%
Discount rate	Increase by 0.2% from 6.1% to 6.3%	Decrease in scheme liabilities by:	3.3%
Rate of inflation	Decrease by 0.2% from 3.0% to 2.8% with consequent reduction in salary increases	Decrease in scheme liabilities by:	1.2%

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 22

Funds under management - summary

	Half year 2009	Half year 2008	Full year 2008
	£bn	£bn	£bn
Business Area (as analysed on schedule 23)			
Asian operations	**18.3**	18.5	21.9
US operations	**42.0**	38.4	46.3
UK operations	**119.4**	138.7	125.6
Internal funds under management	**179.7**	195.6	193.8
External funds (note 22.1a)	**64.9**	59.9	55.5
Total funds under management	**244.6**	255.5	249.3

Note

22.1a External funds shown above for 2009 of £64.9 billion (half year 2008: £59.9 billion; full year 2008: £55.5 billion) comprise £72.3 billion (half year 2008: £67.4 billion; full year 2008: £62.3 billion) in respect of investment products, as published in the half year 2009 New Business results (see schedule 28) less £7.4 billion (half year 2008: £7.5 billion; full year 2008: £6.8 billion) that are classified within internal funds.

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 23

Internal funds under management - analysis by business area

	Asian operations			US operations			UK operations			Group total		
	Half year 2009	Half year 2008	Full year 2008	Half year 2009	Half year 2008	Full year 2008	Half year 2009	Half year 2008	Full year 2008	Half year 2009	Half year 2008	Full year 2008
				£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment properties	**–**	0.1	0.1	**0.1**	0.1	0.1	**10.6**	14.2	12.2	**10.7**	14.4	12.4
Equity securities	**8.2**	9.0	8.1	**15.0**	15.0	15.1	**32.9**	51.9	38.9	**56.1**	75.9	62.1
Debt securities	**8.3**	7.6	11.1	**20.9**	18.5	24.3	**60.2**	57.7	59.8	**89.4**	83.8	95.2
Loans and receivables	**1.1**	1.2	1.7	**4.3**	3.5	5.1	**3.2**	4.0	3.7	**8.6**	8.7	10.5
Other investments	**0.7**	0.6	0.9	**1.7**	1.3	1.7	**12.5**	10.9	11.0	**14.9**	12.8	13.6
Total	**18.3**	18.5	21.9	**42.0**	38.4	46.3	**119.4**	138.7	125.6	**179.7**	195.6	193.8

Note

23.2a As included in the investments section of the consolidated statement of financial position at 30 June 2009 except for £0.2 billion (half year 2008: £0.9 billion; full year 2008: £0.4 billion) investment properties which are held-for-sale or occupied by the Group and, accordingly under IFRS, are included in other statement of financial position captions.

Schedule 24.1

Foreign currency translation: Rates of exchange

The profit and loss accounts of foreign subsidiaries are translated at average exchange rates for the year. Assets and liabilities of foreign subsidiaries are translated at closing exchange rates. Foreign currency borrowings that have been used to provide a hedge against Group equity investments in overseas subsidiaries are also translated at closing exchange rates. The impact of these currency translations is recorded as a component of the movement in shareholders' equity.

The following translation rates have been applied:

Local currency : £	**Closing Half year 2009**	**Average Half year 2009**	Closing Half year 2008	Average Half year 2008	Closing Full year 2008	Average Full year 2008
Hong Kong	**12.76**	**11.57**	15.52	15.40	11.14	14.42
Japan	**158.90**	**142.71**	210.97	207.10	130.33	192.09
Malaysia	**5.79**	**5.35**	6.50	6.36	5.02	6.15
Singapore	**2.38**	**2.23**	2.70	2.74	2.07	2.61
Taiwan	**54.03**	**50.01**	60.41	61.17	47.28	58.24
USA	**1.65**	**1.49**	1.99	1.97	1.44	1.85

Date: 13 August 2009

Prudential PLC
2009 Unaudited Interim Results

Schedule 24.2

Foreign currency translation: Effect of rate movements on results

EEV basis results	**As published Half year 2009 (note 24.2a) £m**	Memorandum Half year 2008 (note 24.2a and 24.2b) £m	Memorandum Full year 2008 (note 24.2a and 24.2b) £m
Asian operations			
New business	**277**	343	727
Business in force	**124**	211	691
Long-term operations	**401**	554	1,418
Asset management	**21**	36	62
Development expenses	**(5)**	(4)	(30)
Total Asian operations	**417**	586	1,450
US operations			
New business	**292**	181	364
Business in force	**209**	287	363
Jackson	**501**	468	727
Broker-dealer, asset management and Curian operations	**2**	8	8
Total US operations	**503**	476	735
UK operations			
New business	**122**	129	273
Business in force	**284**	361	764
Long-term business	**406**	490	1,037
General insurance commission	**27**	14	44
Total insurance	**433**	504	1,081
M&G	**102**	146	286
Total UK operations	**535**	650	1,367
Other income and expenditure	**(195)**	(136)	(312)
Restructuring costs	**(14)**	(15)	(32)
Operating profit from continuing operations based on longer-term investment returns	**1,246**	1,561	3,208
Shareholders' funds	**13,720**	14,882	13,877

Prudential PLC
2009 Unaudited Interim Results

Schedule 24.2 (continued)

IFRS basis results	**As published Half year 2009 (note 24.2a) £m**	Memorandum Half year 2008 (note 24.2a and 24.2b) £m	Memorandum Full year 2008 (note 24.2a and 24.2b) £m
Asian operations			
Long-term operations	**212**	92	296
Asset management	**21**	36	62
Development expenses	**(5)**	(4)	(30)
Total Asian operations	**228**	124	328
US operations			
Jackson	**217**	307	506
Broker-dealer, asset management and Curian operations	**2**	7	8
Total US operations	**219**	314	514
UK operations			
Long-term business	**303**	272	545
General insurance commission	**27**	14	44
Total UK insurance operations	**330**	286	589
M&G	**102**	146	286
Total UK operations	**432**	432	875
Total segment profit	**879**	870	1,717
Other income and expenditure	**(179)**	(110)	(260)
Restructuring costs	**(12)**	(14)	(28)
Operating profit from continuing operations based on longer-term investment returns	**688**	746	1,429
Shareholders' funds	**4,720**	5,900	4,811

Note

24.2a The 'as published' operating profit for 2009 and 'memorandum' operating profit for 2008 have been calculated by applying average 2009 exchange rates (CER).
The 'as published' shareholders' funds for 2009 and 'memorandum' shareholders' funds for 2008 have been calculated by applying closing period end 2009 exchange rates.

24.2b The 2008 operating profit of Asian long-term operations excludes the results of the Taiwan agency business for which the sale process was completed in June 2009.

Schedule 24.3

New Business at constant exchange rates

	As published Half year 2009 (note 24.3a)	Memorandum Half year 2008 (note 24.3a)	Memorandum Full year 2008 (note 24.3a)
Annual premium equivalent insurance product sales (note 24.3b)	**£m**	£m	£m
Asian operations	**553**	752	1,379
US operations	**392**	472	888
UK operations	**376**	438	947
Total	**1,321**	1,662	3,214

Present value of new business premiums (PVNBP),			
Asian operations	**2,706**	4,092	7,479
US operations	**3,889**	4,680	8,857
UK operations	**3,062**	3,664	8,081
Total	**9,657**	12,436	24,417

Gross investment product inflows			
Asian operations	**32,084**	25,598	51,743
US operations	**6**	35	45
UK operations	**12,631**	7,491	16,154
Total	**44,721**	33,124	67,942

Total insurance and investment product flows			
Insurance	**7,274**	9,641	19,477
Investment	**44,721**	33,124	67,942
Total	**51,995**	42,765	87,419

Notes

24.3a The 'as published' results for 2009 and 'memorandum' results for 2008 have been calculated by applying average 2009 exchange rates.

24.3b The annual premium equivalent sales for insurance products shown above include contributions for contracts that are classified as 'investment contracts' under IFRS 4 as they do not contain significant insurance risk. Additional details on the basis of preparation are shown on schedule 35.

Date: 13 August 2009

Schedule 25 - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - HALF YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK			US[1a]			Asia[1a]			Total		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
Total insurance products	**2,582**	3,250	(21%)	**3,810**	4,583	(17%)	**882**	1,808	(51%)	**7,274**	9,641	(25%)
Total Investment Products gross inflows[2]	**12,631**	7,491	69%	**6**	35	(83%)	**32,084**	25,598	25%	**44,721**	33,124	35%
	15,213	10,741	42%	**3,816**	4,618	(17%)	**32,966**	27,406	20%	**51,995**	42,765	22%

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**726**	721	1%	**–**	–	–	**726**	721	1%	**73**	72	1%
Direct and Partnership Annuities	**273**	373	(27%)	**–**	–	–	**273**	373	(27%)	**27**	37	(27%)
Intermediated Annuities	**140**	285	(51%)	**–**	–	–	**140**	285	(51%)	**14**	29	(52%)
Total Individual Annuities	**1,139**	1,379	(17%)	**–**	–	–	**1,139**	1,379	(17%)	**114**	138	(17%)
Income Drawdown	**46**	30	53%	**–**	–	–	**46**	30	53%	**5**	3	67%
Equity Release	**54**	117	(54%)	**–**	–	–	**54**	117	(54%)	**5**	12	(58%)
Individual Pensions	**98**	32	206%	**3**	1	200%	**101**	33	206%	**13**	4	225%
Corporate Pensions	**47**	94	(50%)	**44**	38	16%	**91**	132	(31%)	**49**	47	4%
Unit Linked Bonds	**49**	67	(27%)	**–**	–	–	**49**	67	(27%)	**5**	7	(29%)
With-Profits Bonds	**684**	418	64%	**–**	–	–	**684**	418	64%	**68**	42	62%
Protection	**–**	–	–	**7**	3	133%	**7**	3	133%	**7**	3	133%
Offshore Products	**127**	321	(60%)	**2**	2	0%	**129**	323	(60%)	**15**	34	(56%)
Pru Health [11]	**–**	–	–	**6**	8	(25%)	**6**	8	(25%)	**6**	8	(25%)
Total Retail Retirement	**2,244**	2,458	(9%)	**62**	52	19%	**2,306**	2,510	(8%)	**286**	298	(4%)
Corporate Pensions	**68**	173	(61%)	**59**	62	(5%)	**127**	235	(46%)	**66**	79	(16%)
Other Products	**39**	77	(49%)	**10**	11	(9%)	**49**	88	(44%)	**14**	19	(26%)
DWP Rebates	**80**	103	(22%)	**–**	–	–	**80**	103	(22%)	**8**	10	(20%)
Total Mature Life and Pensions	**187**	353	(47%)	**69**	73	(5%)	**256**	426	(40%)	**88**	108	(19%)
Total Retail	**2,431**	2,811	(14%)	**131**	125	5%	**2,562**	2,936	(13%)	**374**	406	(8%)
Wholesale Annuities	**8**	307	(97%)	**–**	–	–	**8**	307	(97%)	**1**	31	(97%)
Credit Life	**12**	7	71%	**–**	–	–	**12**	7	71%	**1**	1	0%
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**376**	438	(14%)
Channel Summary												
Direct and Partnership	**949**	1,147	(17%)	**108**	106	2%	**1,057**	1,253	(16%)	**203**	221	(8%)
Intermediated	**1,402**	1,562	(10%)	**23**	19	21%	**1,425**	1,581	(10%)	**163**	175	(7%)
Wholesale	**20**	313	(94%)	**–**	–	–	**20**	313	(94%)	**2**	31	(94%)
Sub-Total	**2,371**	3,022	(22%)	**131**	125	5%	**2,502**	3,147	(20%)	**368**	427	(14%)
DWP Rebates	**80**	103	(22%)	**–**	–	–	**80**	103	(22%)	**8**	10	(20%)
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**376**	438	(14%)
US Insurance Operations[1a]												
Fixed Annuities	**701**	841	(17%)	**–**	–	–	**701**	841	(17%)	**70**	84	(17%)
Fixed Index Annuities	**575**	259	122%	**–**	–	–	**575**	259	122%	**58**	26	123%
Variable Annuities	**2,517**	2,377	6%	**–**	–	–	**2,517**	2,377	6%	**252**	238	6%
Life	**5**	5	0%	**12**	15	(20%)	**17**	20	(15%)	**13**	16	(19%)
Sub-Total Retail	**3,798**	3,482	9%	**12**	15	(20%)	**3,810**	3,497	9%	**392**	363	8%
Guaranteed Investment Contracts	**–**	668	–	–	–	–	–	668	–	–	67	–
GIC - Medium Term Note	**–**	418	–	–	–	–	–	418	–	**–**	42	–
Total US Insurance Operations	**3,798**	4,568	(17%)	**12**	15	(20%)	**3,810**	4,583	(17%)	**392**	472	(17%)
Asian Insurance Operations[1a]												
China[9]	**43**	48	(10%)	**17**	20	(15%)	**60**	68	(12%)	**21**	25	(16%)
Hong Kong	**31**	460	(93%)	**92**	104	(12%)	**123**	564	(78%)	**95**	150	(37%)
India[6]	**32**	44	(27%)	**73**	133	(45%)	**105**	177	(41%)	**76**	137	(45%)
Indonesia	**13**	76	(83%)	**82**	90	(9%)	**95**	166	(43%)	**83**	98	(15%)
Japan	**38**	99	(62%)	**25**	30	(17%)	**63**	129	(51%)	**29**	40	(28%)
Korea	**20**	49	(59%)	**64**	114	(44%)	**84**	163	(48%)	**66**	119	(45%)
Malaysia	**33**	17	94%	**49**	45	9%	**82**	62	32%	**52**	47	11%
Singapore	**115**	339	(66%)	**40**	45	(11%)	**155**	384	(60%)	**52**	79	(34%)
Taiwan	**32**	30	(7%)	**48**	19	153%	**80**	49	63%	**51**	22	132%
Other[4]	**8**	11	(27%)	**27**	35	(23%)	**35**	46	(24%)	**28**	36	(22%)
Total Asian Insurance Operations	**365**	1,173	(69%)	**517**	635	(19%)	**882**	1,808	(51%)	**553**	752	(26%)
Group Total	**6,614**	8,866	(25%)	**660**	775	(15%)	**7,274**	9,641	(25%)	**1,321**	1,662	(21%)

Date: 13 August 2009

Schedule 26 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – Half year 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK			US(1b)			Asia(1b)			Total		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
Total insurance products	**2,582**	3,250	(21%)	**3,810**	3,464	10%	**882**	1,486	(41%)	**7,274**	8,200	(11%)
Total Investment Products gross inflows(2)	**12,631**	7,491	69%	**6**	27	(78%)	**32,084**	22,843	40%	**44,721**	30,361	47%
	15,213	10,741	42%	**3,816**	3,491	9%	**32,966**	24,329	36%	**51,995**	38,561	35%

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents(3)		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY 2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**726**	721	1%	**–**	–	–	**726**	721	1%	**73**	72	1%
Direct and Partnership Annuities	**273**	373	(27%)	**–**	–	–	**273**	373	(27%)	**27**	37	(27%)
Intermediated Annuities	**140**	285	(51%)	**–**	–	–	**140**	285	(51%)	**14**	29	(52%)
Total Individual Annuities	**1,139**	1,379	(17%)	**–**	–	–	**1,139**	1,379	(17%)	**114**	138	(17%)
Income Drawdown	**46**	30	53%	**–**	–	–	**46**	30	53%	**5**	3	67%
Equity Release	**54**	117	(54%)	**–**	–	–	**54**	117	(54%)	**5**	12	(58%)
Individual Pensions	**98**	32	206%	**3**	1	200%	**101**	33	206%	**13**	4	225%
Corporate Pensions	**47**	94	(50%)	**44**	38	16%	**91**	132	(31)%	**49**	47	4%
Unit Linked Bonds	**49**	67	(27%)	**–**	–	–	**49**	67	(27)%	**5**	7	(29%)
With-Profits Bonds	**684**	418	64%	**–**	–	–	**684**	418	64%	**68**	42	62%
Protection	**–**	–	–	**7**	3	133%	**7**	3	133%	**7**	3	133%
Offshore Products	**127**	321	(60%)	**2**	2	0%	**129**	323	(60%)	**15**	34	(56%)
Pru Health (11)	**–**	–	–	**6**	8	(25%)	**6**	8	(25%)	**6**	8	(25%)
Total Retail Retirement	**2,244**	2,458	(9%)	**62**	52	19%	**2,306**	2,510	(8%)	**286**	298	(4%)
Corporate Pensions	**68**	173	(61%)	**59**	62	(5%)	**127**	235	(46%)	**66**	79	(16%)
Other Products	**39**	77	(49)%	**10**	11	(9%)	**49**	88	(44%)	**14**	19	(26%)
DWP Rebates	**80**	103	(22%)	**–**	–	–	**80**	103	(22%)	**8**	10	(20%)
Total Mature Life and Pensions	**187**	353	(47%)	**69**	73	(5%)	**256**	426	(40%)	**88**	108	(19%)
Total Retail	**2,431**	2,811	(14%)	**131**	125	5%	**2,562**	2,936	(13%)	**374**	406	(8%)
Wholesale Annuities	**8**	307	(97%)	**–**	–	–	**8**	307	(97%)	**1**	31	(97%)
Credit Life	**12**	7	71%	**–**	–	–	**12**	7	71%	**1**	1	0%
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**376**	438	(14%)
Channel Summary												
Direct and Partnership	**949**	1,147	(17%)	**108**	106	2%	**1,057**	1,253	(16%)	**203**	221	(8%)
Intermediated	**1,402**	1,562	(10%)	**23**	19	21%	**1,425**	1,581	(10%)	**163**	175	(7%)
Wholesale	**20**	313	(94%)	**–**	–	–	**20**	313	(94%)	**2**	31	(94%)
Sub-Total	**2,371**	3,022	(22%)	**131**	125	5%	**2,502**	3,147	(20%)	**368**	427	(14%)
DWP Rebates	**80**	103	(22%)	**–**	–	–	**80**	103	(22%)	**8**	10	(20%)
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**376**	438	(14)%
US Insurance Operations(1b)												
Fixed Annuities	**701**	635	10%	**–**	–	–	**701**	635	10%	**70**	64	9%
Fixed Index Annuities	**575**	196	193%	**–**	–	–	**575**	196	193%	**58**	20	190%
Variable Annuities	**2,517**	1,797	40%	**–**	–	–	**2,517**	1,797	40%	**252**	180	40%
Life	**5**	4	25%	**12**	11	9%	**17**	15	13%	**13**	11	18%
Sub-Total Retail	**3,798**	2,632	44%	**12**	11	9%	**3,810**	2,643	44%	**392**	274	43%
Guaranteed Investment Contracts	**–**	505	–	**–**	–	–	**–**	505	–	**–**	51	–
GIC - Medium Term Note	**–**	316	–	**–**	–	–	**–**	316	–	**–**	32	–
Total US Insurance Operations	**3,798**	3,453	10%	**12**	11	9%	**3,810**	3,464	10%	**392**	356	10%
Asian Insurance Operations (1b)												
China(9)	**43**	35	23%	**17**	15	13%	**60**	50	20%	**21**	19	11%
Hong Kong	**31**	346	(91%)	**92**	78	18%	**123**	424	(71%)	**95**	113	(16%)
India (6)	**32**	40	(20%)	**73**	122	(40%)	**105**	162	(35%)	**76**	126	(40%)
Indonesia	**13**	68	(81%)	**82**	81	1%	**95**	149	(36%)	**83**	88	(6%)
Japan	**38**	68	(44%)	**25**	21	19%	**63**	89	(29%)	**29**	28	4%
Korea	**20**	50	(60%)	**64**	118	(46%)	**84**	168	(50%)	**66**	123	(46%)
Malaysia	**33**	14	136%	**49**	38	29%	**82**	52	58%	**52**	39	33%
Singapore	**115**	276	(58%)	**40**	37	8%	**155**	313	(50%)	**52**	65	(20%)
Taiwan	**32**	24	33%	**48**	16	200%	**80**	40	100%	**51**	18	183%
Other (4)	**8**	10	(20%)	**27**	29	(7%)	**35**	39	(10%)	**28**	30	(7%)
Total Asian Insurance Operations	**365**	931	(61%)	**517**	555	(7%)	**882**	1,486	(41%)	**553**	648	(15%)
Group Total	**6,614**	7,509	(12%)	**660**	691	(4%)	**7,274**	8,200	(11%)	**1,321**	1,442	(8%)

Date: 13 August 2009

Schedule 27 - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – Half year 2009
INVESTMENT OPERATIONS

2009	Gross Inflows £m	Redemptions £m	Net Inflows £m	Opening FUM £m	Closing FUM £m	Variance %
M&G						
Retail	6,451	(2,381)	**4,070**	**19,142**	**23,324**	**22%**
Institutional(5)	6,180	(1,625)	**4,555**	**27,855**	**32,597**	**17%**
Total M&G	12,631	(4,006)	**8,625**	**46,997**	**55,291**	**19%**
Asia						
India	392	(494)	**(102)**	**1,391**	**1,627**	**17%**
Taiwan	380	(377)	**3**	**1,011**	**1,232**	**22%**
Korea	199	(311)	**(112)**	**1,621**	**1,449**	**(11%)**
Japan	479	(356)	**123**	**2,633**	**3,598**	**37%**
Other Mutual Fund Operations(10)	544	(652)	**(108)**	**2,403**	**2,730**	**14%**
Total Asian Equity / Bond / Other	1,994	(2,190)	**(196)**	**9,059**	**10,636**	**17%**
MMF						
India	26,692	(25,646)	**1,046**	**1,387**	**2,318**	**67%**
Taiwan	1,173	(1,044)	**129**	**1,243**	**1,366**	**10%**
Korea	1,739	(1,322)	**417**	**409**	**779**	**90%**
Other Mutual Fund Operations	452	(395)	**57**	**362**	**419**	**16%**
Total Asian MMF	30,056	(28,407)	**1,649**	**3,401**	**4,882**	**44%**
Total Asia Retail Mutual Funds	32,050	(30,597)	**1,453**	**12,460**	**15,518**	**25%**
Third Party Institutional Mandates	34	(31)	**3**	**687**	**859**	**25%**
Total Asian Investment Operations	32,084	(30,628)	**1,456**	**13,147**	**16,377**	**25%**
US						
Retail	6	(18)	**(12)**	**44**	**38**	**(14%)**
Total US	6	(18)	**(12)**	**44**	**38**	**(14%)**
Total Investment Products	44,721	(34,652)	**10,069**	**60,188**	**72,336**	**20%**

2008	Gross Inflows £m	Redemptions £m	Net Inflows £m
M&G			
Retail	4,289	(3,408)	**881**
Institutional	3,202	(1,646)	**1,556**
Total M&G	7,491	(5,054)	**2,437**
Asia			
India	648	(664)	**(16)**
Taiwan	785	(556)	**229**
Korea	776	(580)	**196**
Japan	1,068	(590)	**478**
Other Mutual Fund Operations(10)	1,170	(732)	**438**
Total Asia Equity / Bond / Other	4,447	(3,122)	**1,325**
MMF			
India	17,499	(17,214)	**285**
Taiwan	2,066	(1,703)	**363**
Korea	959	(892)	**67**
Other Mutual Fund Operations	352	(258)	**94**
Total Asian MMF	20,876	(20,067)	**809**
Total Asia Retail Mutual Funds	25,323	(23,189)	**2,134**
Third Party Institutional Mandates	275	(386)	**(111)**
Total Asian Investment Operations	25,598	(23,575)	**2,023**
US			
Retail	35	(20)	**15**
Total US	35	(20)	**15**
Total Investment Products	33,124	(28,649)	**4,475**

2009 Movement Relative to 2008	Gross Inflows %	Redemptions %	Net Inflows %
M&G			
Retail	50%	30%	**362%**
Institutional(5)	93%	1%	**193%**
Total M&G	69%	21%	**254%**
Asia			
India	(40%)	26%	**(538)%**
Taiwan	(52%)	32%	**(99)%**
Korea	(74%)	46%	**(157)%**
Japan	(55%)	40%	**(74)%**
Other Mutual Fund Operations(10)	(54%)	11%	**(125)%**
Total Asia Equity / Bond / Other	(55%)	30%	**(115)%**
MMF			
India	53%	(49%)	**267%**
Taiwan	(43%)	39%)	**(64)%**
Korea	81%	(48%)	**522%**
Other Mutual Fund Operations	28%	(53%)	**(39)%**
Total Asian MMF	44%	(42%)	**104%**
Total Asian Retail Mutual Funds	27%	(32)%	**(32%)**
Third Party Institutional Mandates	(88%)	92%	**103%**
Total Asian Investment Operations	25%	(30)%	**(28%)**
US			
Retail	(83%)	10%	**(180%)**
Total US	(83%)	10%	**(180%)**
Total Investment Products	35%	(21)%	**125%**

US(7)	2009 Q2 YTD £m	2008 Q2 YTD £m	+ / -(%)
Curian Capital	**1,646**	2,094	**(21%)**
External Funds Under Administration			

PRUDENTIAL PLC - NEW BUSINESS – Half year 2009

INVESTMENT OPERATIONS

2009	Opening FUM £m	Gross Inflows £m	Redemptions	Net Inflows £m	Other Movements £m	Market & Currency Movements £m	Net Movement In FUM £m	Closing FUM £m
M&G								
Retail	19,142	6,451	(2,381)	4,070	(626)	738	4,182	23,324
Institutional[5]	27,855	6,180	(1,625)	4,555	8	179	4,742	32,597
Total M&G	46,997	12,631	(4,006)	8,625	(618)	917	8,924	55,921
Asia								
India	1,567	392	(494)	(102)	99	63	60	1,627
Taiwan	1,156	380	(377)	3	–	73	76	1,232
Korea	1,878	199	(311)	(112)	(391)	74	(429)	1,449
Japan	3,211	479	(356)	123	–	264	387	3,598
Other Mutual Fund Operations[10]	2,758	544	(652)	(108)	(1)	81	(28)	2,730
Total Asian Equity / Bond / Other	10,570	1,994	(2,190)	(196)	(293)	555	66	10,636
MMF								
India	1,562	26,692	(25,646)	1,046	(118)	(172)	756	2,318
Taiwan	1,421	1,173	(1,044)	129	–	(184)	(55)	1,366
Korea	474	1,739	(1,322)	417	(41)	(71)	305	779
Other Mutual Fund Operations	416	452	(395)	57	–	(54)	3	419
Total Asian MMF	3,873	30,056	(28,407)	1,649	(159)	(481)	1,009	4,882
Total Asia Retail Mutual Funds	14,443	32,050	(30,597)	1,453	(452)	74	1,075	15,518
Third Party Institutional Mandates	789	34	(31)	3	–	67	70	859
Total Asian Investment Operations	15,232	32,084	(30,628)	1,456	(452)	141	1,145	16,377
US								
Retail	50	6	(18)	(12)	1	(1)	(12)	38
Total US	50	6	(18)	(12)	1	(1)	(12)	38
Total Investment Products	62,279	44,721	(34,652)	10,069	(1,069)	1,057	10,057	72,336

2008	Opening FUM £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Other Movements £m	Market & Currency Movements £m	Net Movement In FUM £m	Closing FUM £m
M&G								
Retail	22,320	4,289	(3,408)	881	–	(1,806)	(925)	21,395
Institutional[5]	28,901	3,202	(1,646)	1,556	(19)	(134)	1,403	30,304
Total M&G	51,221	7,491	(5,054)	2,437	(19)	(1,940)	478	51,699
Asia								
India	2,225	593	(608)	(15)	(73)	(576)	(664)	1,561
Taiwan	1,476	642	(454)	188	–	(200)	(12)	1,464
Korea	2,946	800	(598)	202	(181)	(601)	(580)	2,366
Japan	4,313	736	(407)	329	–	(1,083)	(754)	3,559
Other Mutual Fund Operations[10]	2,537	876	(563)	313	(11)	(376)	(74)	2,463
Total Asia Equity / Bond / Other	13,497	3,647	(2,630)	1,017	(265)	(2,836)	(2,084)	11,413
MMF								
India	1,416	16,005	(15,744)	261	17	(70)	208	1,624
Taiwan	632	1,689	(1,392)	297	–	54	351	983
Korea	480	988	(920)	68	(22)	(41)	5	485
Other Mutual Fund Operations	252	291	(213)	78	–	10	88	340
Total Asian MMF	2,780	18,973	(18,269)	704	(5)	(47)	652	3,432
Total Asia Retail Mutual Funds	16,277	22,620	(20,899)	1,721	(270)	(2,883)	(1,432)	14,845
Third Party Institutional Mandates	1,116	223	(302)	(79)	–	(196)	(275)	841
Total Asian Investment Operations	17,393	22,843	(21,201)	1,642	(270)	(3,079)	(1,707)	15,686
US								
Retail	55	27	(15)	12	1	(6)	7	62
Total US	55	27	(15)	12	1	(6)	7	62
Total Investment Products	68,669	30,361	(26,270)	4,091	(288)	(5,025)	(1,222)	67,477

2009 Movement Relative to 2008	Opening FUM %	Gross Inflows %	Redemptions	Net Inflows %	Other Movements	Market & Currency Movements	Net Movement In FUM	Closing FUM
M&G								
Retail	(14%)	50%	30%	362%	–	141%	552%	9%
Institutional[5]	(4%)	93%	1%	193%	142%	234%	238%	8%
Total M&G	(8%)	69%	21%	254%	(3,153%)	147%	1,767%	8%
Asia								
India	(30%)	(34%)	19%	(580%)	236%	111%	109%	4%
Taiwan	(22%)	(41%)	17%	(98%)	–	137%	733%	(16%)
Korea	(36%)	(75%)	48%	(155%)	(116%)	112%	26%	(39%)
Japan	(26%)	(35%)	13%	(63%)	–	124%	151%	1%
Other Mutual Fund Operations[10]	9%	(38%)	(16%)	(135%)	91%	122%	62%	11%
Total Asia Equity / Bond / Other	(22%)	(45%)	17%	(119%)	(11%)	120%	103%	(7%)
MMF								
India	10%	67%	(63%)	301%	(794%)	(146%)	263%	43%
Taiwan	125%	(31%)	25%	(57)%	–	(441%)	(116%)	39%
Korea	(1%)	76%	(44%)	513%	(86%)	(73%)	6,000%	61%
Other Mutual Fund Operations	65%	55%	(85%)	(27%)	–	(640%)	(97%)	23%
Total Asian MMF	39%	58%	(55%)	134%	(3,080%)	(923%)	55%	42%
Total Asian Retail Mutual Funds	(11%)	42%	(46%)	(16%)	(67%)	(103%)	175%	5%
Third Party Institutional Mandates	(29%)	(85%)	90%	104%	–	134%	125%	2%
Total Asian Investment Operations	(12%)	40%	(44%)	(11%)	(67%)	105%	167%	4%
US								
Retail	(9%)	(78%)	(20%)	(200%)	0%	83%	(271%)	(39%)
Total US	(9%)	(78%)	(20%)	(200%)	0%	83%	(271%)	(39%)
Total Investment Products	(9%)	47%	(32%)	146%	(271%)	121%	923%	7%

US[7]	2009 Q2 YTD £m	2008 Q2 YTD £m	+ / -(%)
Curian Capital			
External Funds Under Administration	1,646	1,733	(5%)

Date: 13 August 2009

Schedule 29 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – QUARTER 2 2009 VERSUS QUARTER 2 2008

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents		
	Q2 2009 £m	Q2 2008 £m	+/-(%)	**Q2 2009 £m**	Q2 2008 £m	+/-(%)	**Q2 2009 £m**	Q2 2008 £m	+/-(%)	**Q2 2009 £m**	Q2 2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**335**	399	(16%)	**–**	–	–	**335**	399	(16%)	**34**	40	(15%)
Direct and Partnership Annuities	**144**	197	(27%)	**–**	–	–	**144**	197	(27%)	**14**	20	(30%)
Intermediated Annuities	**81**	161	(50%)	**–**	–	–	**81**	161	(50%)	**8**	16	(50%)
Total Individual Annuities	**560**	757	(26%)	**–**	–	–	**560**	757	(26%)	**56**	76	(26%)
Income Drawdown	**28**	17	65%	**–**	–	–	**28**	17	65%	**3**	2	50%
Equity Release	**29**	66	(56%)	**–**	–	–	**29**	66	(56%)	**3**	7	(57%)
Individual Pensions	**56**	18	211%	**2**	1	100%	**58**	19	205%	**8**	3	167%
Corporate Pensions	**10**	48	(79%)	**24**	16	50%	**34**	64	(47%)	**25**	21	19%
Unit Linked Bonds	**25**	29	(14%)	**–**	–	–	**25**	29	(14%)	**3**	3	0%
With-Profits Bonds	**384**	271	42%	**–**	–	–	**384**	271	42%	**38**	27	41%
Protection	**–**	–	–	**4**	2	100%	**4**	2	100%	**4**	2	100%
Offshore Products	**68**	142	(52%)	**1**	1	0%	**69**	143	(52%)	**8**	15	(47%)
Pru Health [11]	**–**	–	–	**4**	5	(20%)	**4**	5	(20%)	**4**	5	(20%)
Total Retail Retirement	**1,160**	1,348	(14%)	**35**	25	40%	**1,195**	1,373	(13%)	**151**	160	(6%)
Corporate Pensions	**42**	80	(48%)	**33**	37	(11%)	**75**	117	(36%)	**37**	45	(18%)
Other Products	**20**	37	(46%)	**5**	6	(17%)	**25**	43	(42%)	**7**	10	(30%)
DWP Rebates	**–**	–	–	**–**	–	–	**–**	-	–	**–**	–	–
Total Mature Life and Pensions	**62**	117	(47%)	**38**	43	(12%)	**100**	160	(38%)	**44**	55	(20%)
Total Retail	**1,222**	1,465	(17%)	**73**	68	7%	**1,295**	1,533	(16%)	**195**	215	(9%)
Wholesale Annuities	**7**	306	(98%)	**–**	–	–	**7**	306	(98%)	**1**	31	(97%)
Credit Life	**7**	4	75%	**–**	–	–	**7**	4	75%	**1**	–	–
Total UK Insurance Operations	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**197**	246	(20%)
Channel Summary												
Direct and Partnership	**451**	613	(26%)	**59**	56	5%	**510**	669	(24%)	**104**	117	(11%)
Intermediated	**771**	854	(10%)	**14**	12	17%	**785**	866	(9%)	**91**	97	(6%)
Wholesale	**14**	308	(95%)	**–**	–	–	**14**	308	(95%)	**1**	31	(97%)
Sub-Total	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**197**	246	(20%)
DWP Rebates	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–
Total UK Insurance Operations	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**197**	246	(20%)
US Insurance Operations (1b)(8)												
Fixed Annuities	**218**	442	(51%)	**–**	–	–	**218**	442	(51%)	**22**	44	(50%)
Fixed Index Annuities	**328**	98	235%	**–**	–	–	**328**	98	235%	**33**	10	230%
Variable Annuities	**1,466**	897	63%	**–**	–	–	**1,466**	897	63%	**147**	90	63%
Life	**3**	2	50%	**6**	6	0%	**9**	8	13%	**6**	6	0%
Sub-Total Retail	**2,015**	1,439	40%	**6**	6	0%	**2,021**	1,445	40%	**208**	150	39%
Guaranteed Investment Contracts	**–**	100	–	**–**	–	–	**–**	100	–	**–**	10	–
GIC - Medium Term Note	**–**	316	–	**–**	–	–	**–**	316	–	**–**	32	-
Total US Insurance Operations	**2,015**	1,855	9%	**6**	6	0%	**2,021**	1,861	9%	**208**	192	8%
Asian Insurance Operations (1b)(8)												
China [9]	**16**	16	0%	**9**	8	13%	**25**	24	4%	**11**	10	10%
Hong Kong	**22**	194	(89%)	**47**	39	21%	**69**	233	(70%)	**49**	58	(16%)
India [6]	**9**	33	(73%)	**19**	34	(44%)	**28**	67	(58%)	**20**	37	(46%)
Indonesia	**7**	24	(71%)	**45**	45	0%	**52**	69	(25%)	**46**	47	(2%)
Japan	**22**	30	(27%)	**10**	3	233%	**32**	33	(3%)	**12**	6	100%
Korea	**11**	24	(54%)	**28**	62	(55%)	**39**	86	(55%)	**29**	64	(55%)
Malaysia	**28**	7	300%	**26**	24	8%	**54**	31	74%	**29**	25	16%
Singapore	**86**	71	21%	**21**	20	5%	**107**	91	18%	**30**	27	11%
Taiwan	**13**	22	(41%)	**19**	10	90%	**32**	32	0%	**20**	12	67%
Other [4]	**5**	6	(17%)	**14**	14	0%	**19**	20	5%	**15**	15	0%
Total Asian Insurance Operations	**219**	427	(49%)	**238**	259	(8%)	**457**	686	(33%)	**260**	302	(14%)
Group Total	**3,470**	4,057	(14%)	**317**	333	(5%)	**3,787**	4,390	(14%)	**664**	739	(10%)

INVESTMENT OPERATIONS

		Opening FUM £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Other Movements £m	Market & Currency Movements £m	Net Movement In FUM £m	Closing FUM £m
M&G [5]	Q2 2009	**46,536**	8,223	(2,141)	**6,082**	35	3,268	**9,385**	**55,921**
	Q2 2008	**50,139**	4,151	(2,272)	**1,879**	(43)	(276)	**1,560**	**51,699**
	+/-(%)	**(7%)**	98%	6%	**224%**	181%	1,284%	**502%**	**8%**
Asia Retail Mutual Funds	Q2 2009	**14,324**	17,331	(16,062)	**1,269**	(442)	367	**1,194**	**15,518**
	Q2 2008	**15,043**	11,213	(10,098)	**1,115**	(69)	(1,244)	**(198)**	**14,845**
	+/-(%)	**(5%)**	55%	(59%)	**14%**	(541%)	130%	**703%**	**5%**
Asia Third Party	Q2 2009	**799**	10	(8)	**2**	–	58	**60**	**859**
	Q2 2008	**959**	219	(229)	**(10)**	–	(108)	**(118)**	**841**
	+/-(%)	**(17%)**	(95%)	97%	**120%**	–	154%	**151%**	**2%**
US Retail Mutual Funds	Q2 2009	**44**	3	(12)	**(9)**	–	3	**(6)**	**38**
	Q2 2008	**59**	10	(6)	**4**	–	(1)	**3**	**62**
	+/-(%)	**(25%)**	(70%)	(100%)	**(325%)**	–	400%	**(300%)**	**(39%)**
Total Investment Products	Q2 2009	**61,703**	25,567	(18,223)	**7,344**	(407)	3,696	**10,633**	**72,336**
	Q2 2008	**66,200**	15,593	(12,605)	**2,988**	(112)	(1,629)	**1,247**	**67,447**
	+/-(%)	**(7%)**	64%	(45%)	**146%**	(263%)	327%	**753 %**	**7%**

Date: 13 August 2009

Schedule 30 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – QUARTER 2 2009 VERSUS QUARTER 1 2009

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents		
	Q2 2009	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)
	£m	£m		**£m**	£m		**£m**	£m		**£m**	£m	
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**335**	391	(14%)	**–**	–	–	**335**	391	(14%)	**34**	39	(13%)
Direct and Partnership Annuities	**144**	129	12%	**–**	–	–	**144**	129	12%	**14**	13	8%
Intermediated Annuities	**81**	59	37%	**–**	–	–	**81**	59	37%	**8**	6	33%
Total Individual Annuities	**560**	579	(3%)	**–**	–	–	**560**	579	(3%)	**56**	58	(3)%
Income Drawdown	**28**	18	56%	**–**	–	–	**28**	18	56%	**3**	2	50%
Equity Release	**29**	25	16%	**–**	–	–	**29**	25	16%	**3**	3	0%
Individual Pensions	**56**	42	33%	**2**	1	100%	**58**	43	35%	**8**	5	60%
Corporate Pensions	**10**	37	(73%)	**24**	20	20%	**34**	57	(40%)	**25**	24	4%
Unit Linked Bonds	**25**	24	4%	**–**	–	–	**25**	24	4%	**3**	2	50%
With-Profits Bonds	**384**	300	28%	**–**	–	–	**384**	300	28%	**38**	30	27%
Protection	**–**	–	–	**4**	3	33%	**4**	3	33%	**4**	3	33%
Offshore Products	**68**	59	15%	**1**	1	0%	**69**	60	15%	**8**	7	14%
Pru Health [11]	**–**	–	–	**4**	2	100%	**4**	2	100%	**4**	2	100%
Total Retail Retirement	**1,160**	1,084	7%	**35**	27	30%	**1,195**	1,111	8%	**151**	135	12%
Corporate Pensions	**42**	26	62%	**33**	26	27%	**75**	52	44%	**37**	29	28%
Other Products	**20**	19	5%	**5**	5	0%	**25**	24	4%	**7**	7	0%
DWP Rebates	**–**	80	–	**–**	–	–	**–**	80	–	**–**	8	–
Total Mature Life and Pensions	**62**	125	(50%)	**38**	31	23%	**100**	156	(36%)	**44**	44	0%
Total Retail	**1,222**	1,209	1%	**73**	58	26%	**1,295**	1,267	2%	**195**	179	9%
Wholesale Annuities	**7**	1	600%	**–**	–	–	**7**	1	600%	**1**	–	–
Credit Life	**7**	5	40%	**–**	–	–	**7**	5	40%	**1**	1	0%
Total UK Insurance Operations	**1,236**	1,215	2%	**73**	58	26%	**1,309**	1,273	3%	**197**	180	9%
Channel Summary												
Direct and Partnership	**451**	498	(9%)	**59**	49	20%	**510**	547	(7%)	**104**	99	5%
Intermediated	**771**	631	22%	**14**	9	56%	**785**	640	23%	**91**	72	26%
Wholesale	**14**	6	133%	**–**	–	–	**14**	6	133%	**1**	1	0%
Sub-Total	**1,236**	1,135	9%	**73**	58	26%	**1,309**	1,193	10%	**197**	172	15%
DWP Rebates	**–**	80	–	**–**	–	–	**–**	80	–	**–**	8	–
Total UK Insurance Operations	**1,236**	1,215	2%	**73**	58	26%	**1,309**	1,273	3%	**197**	180	9%
US Insurance Operations[1b][8]												
Fixed Annuities	**218**	483	(55%)	**–**	–	–	**218**	483	(55%)	**22**	48	(54%)
Fixed Index Annuities	**328**	247	33%	**–**	–	–	**328**	247	33%	**33**	25	32%
Variable Annuities	**1,466**	1,051	39%	**–**	–	–	**1,466**	1,051	39%	**147**	105	40%
Life	**3**	2	50%	**6**	6	0%	**9**	8	13%	**6**	6	0%
Sub-Total Retail	**2,015**	1,783	13%	**6**	6	0%	**2,021**	1,789	13%	**208**	184	13%
Guaranteed Investment Contracts	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–
GIC - Medium Term Note	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–
Total US Insurance Operations	**2,015**	1,783	13%	**6**	6	0%	**2,021**	1,789	13%	**208**	184	13%
Asian Insurance Operations [1b][8]												
China [9]	**16**	27	(41%)	**9**	8	13%	**25**	35	(29%)	**11**	11	0%
Hong Kong	**22**	9	144%	**47**	45	4%	**69**	54	28%	**49**	46	7%
India [6]	**9**	23	(61%)	**19**	54	(65%)	**28**	77	(64%)	**20**	56	(64%)
Indonesia	**7**	6	17%	**45**	37	22%	**52**	43	21%	**46**	38	21%
Japan	**22**	16	38%	**10**	15	(33%)	**32**	31	3%	**12**	17	(29%)
Korea	**11**	9	22%	**28**	36	(22%)	**39**	45	(13%)	**29**	37	(22%)
Malaysia	**28**	5	460%	**26**	23	13%	**54**	28	93%	**29**	24	21%
Singapore	**86**	29	197%	**21**	19	11%	**107**	48	123%	**30**	22	36%
Taiwan	**13**	19	(32%)	**19**	29	(34%)	**32**	48	(33%)	**20**	31	(35%)
Other[4]	**5**	3	67%	**14**	13	8%	**19**	16	19%	**15**	13	15%
Total Asian Insurance Operations	**219**	146	50%	**238**	279	(15%)	**457**	425	8%	**260**	294	(12%)
Group Total	**3,470**	3,144	10%	**317**	343	(8%)	**3,787**	3,487	9%	**664**	657	1%

INVESTMENT OPERATIONS

		Opening FUM	Gross Inflows	Redemptions	Net Inflows	Other Movements	Market & Currency Movements	Net Movement In FUM	Closing FUM
		£m	£m	£m	**£m**	£m	£m	**£m**	**£m**
M&G[5]	Q2 2009	**46,536**	8,223	(2,141)	**6,082**	35	3,268	**9,385**	**55,921**
	Q1 2009	**46,997**	4,408	(1,865)	**2,543**	(653)	(2,351)	**(461)**	**46,536**
	+/-(%)	**(1%)**	87%	(15%)	**139%**	105%	239%	**2,136%**	**20%**
Asia Retail Mutual Funds	Q2 2009	**14,324**	17,331	(16,062)	**1,269**	(442)	367	**1,194**	**15,518**
	Q1 2009	**14,443**	14,719	(14,535)	**184**	(10)	(293)	**(119)**	**14,324**
	+/-(%)	**(1%)**	18%	(11%)	**590%**	(4,320%)	225%	**1,103%**	**8%**
Asia Third Party	Q2 2009	**799**	10	(8)	**2**	–	58	**60**	**859**
	Q1 2009	**789**	24	(23)	**1**	–	9	**10**	**799**
	+/-(%)	**1%**	(58%)	65%	**100%**	–	544%	**500%**	**8%**
US Retail Mutual Funds	Q2 2009	**44**	3	(12)	**(9)**	–	3	**(6)**	**38**
	Q1 2009	**50**	3	(6)	**(3)**	1	(4)	**(6)**	**44**
	+/-(%)	**(12%)**	0%	(100%)	**(200%)**	–	175%	**0%**	**(14%)**
Total Investment Products	Q2 2009	**61,703**	25,567	(18,223)	**7,344**	(407)	3,696	**10,633**	**72,336**
	Q1 2009	**62,279**	19,154	(16,429)	**2,725**	(662)	(2,639)	**(576)**	**61,703**
	+/-(%)	**(1%)**	33%	(11%)	**170%**	39%	240%	**1,946%**	**17%**

Date: 13 August 2009

Schedule 31 - Constant Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - HALF YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK			US (1a)			Asia (1a)			Total		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
Total insurance products	**2,582**	3,250	(21%)	**3,810**	4,583	(17%)	**882**	1,808	(51%)	**7,274**	9,641	(25%)
Total Investment Products gross inflows (2)	**12,631**	7,491	69%	**6**	35	(83%)	**32,084**	25,598	25%	**44,721**	33,124	35%
	15,213	10,741	42%	**3,816**	**4,618**	(17%)	**32,966**	27,406	20%	**51,995**	42,765	22%

INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**726**	721	1%	**-**	-	-	**726**	721	1%	**726**	721	1%
Direct and Partnership Annuities	**273**	373	(27%)	**-**	-	-	**273**	373	(27%)	**273**	373	(27%)
Intermediated Annuities	**140**	285	(51%)	**-**	-	-	**140**	285	(51%)	**140**	285	(51%)
Total Individual Annuities	**1,139**	1,379	(17%)	**-**	-	-	**1,139**	1,379	(17%)	**1,139**	1,379	(17%)
Income Drawdown	**46**	30	53%	**-**	-	-	**46**	30	53%	**46**	30	53%
Equity Release	**54**	117	(54%)	**-**	-	-	**54**	117	(54%)	**54**	117	(54%)
Individual Pensions	**98**	32	206%	**3**	1	200%	**101**	33	206%	**107**	35	206%
Corporate Pensions	**47**	94	(50%)	**44**	38	16%	**91**	132	(31%)	**286**	280	2%
Unit Linked Bonds	**49**	67	(27%)	**-**	-	-	**49**	67	(27%)	**49**	67	(27%)
With-Profits Bonds	**684**	418	64%	**-**	-	-	**684**	418	64%	**684**	418	64%
Protection	**-**	-	-	**7**	3	133%	**7**	3	133%	**45**	16	181%
Offshore Products	**127**	321	(60%)	**2**	2	0%	**129**	323	(60%)	**137**	331	(59%)
Pru Health (11)	**-**	-	-	**6**	8	(25%)	**6**	8	(25%)	**56**	79	(29%)
Total Retail Retirement	**2,244**	2,458	(9%)	**62**	52	19%	**2,306**	2,510	(8%)	**2,603**	2,752	(5%)
Corporate Pensions	**68**	173	(61%)	**59**	62	(5%)	**127**	235	(46%)	**285**	376	(24%)
Other Products	**39**	77	(49%)	**10**	11	(9%)	**49**	88	(44%)	**74**	119	(38%)
DWP Rebates	**80**	103	(22%)	**-**	-	-	**80**	103	(22%)	**80**	103	(22%)
Total Mature Life and Pensions	**187**	353	(47%)	**69**	73	(5%)	**256**	426	(40%)	**439**	598	(27%)
Total Retail	**2,431**	2,811	(14%)	**131**	125	5%	**2,562**	2,936	(13%)	**3,042**	3,350	(9%)
Wholesale Annuities	**8**	307	(97%)	**-**	-	-	**8**	307	(97%)	**8**	307	(97%)
Credit Life	**12**	7	71%	**-**	-	-	**12**	7	71%	**12**	7	71%
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**3,062**	3,664	(16%)
Channel Summary												
Direct and Partnership	**949**	1,147	(17%)	**108**	106	2%	**1,057**	1,253	(16%)	**1,422**	1,579	(10%)
Intermediated	**1,402**	1,562	(10%)	**23**	19	21%	**1,425**	1,581	(10%)	**1,540**	1,669	(8%)
Wholesale	**20**	313	(94%)	**-**	-	-	**20**	313	(94%)	**20**	313	(94%)
Sub-Total	**2,371**	3,022	(22%)	**131**	125	5%	**2,502**	3,147	(20%)	**2,982**	3,561	(16%)
DWP Rebates	**80**	103	(22%)	**-**	-	-	**80**	103	(22%)	**80**	103	(22%)
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**3,062**	3.664	(16%)
US Insurance Operations (1a)												
Fixed Annuities	**701**	841	(17%)	**-**	-	-	**701**	841	(17%)	**701**	841	(17%)
Fixed Index Annuities	**575**	259	122%	**-**	-	-	**575**	259	122%	**575**	259	122%
Variable Annuities	**2,517**	2,377	6%	**-**	-	-	**2,517**	2,377	6%	**2,517**	2,377	6%
Life	**5**	5	0%	**12**	15	(20%)	**17**	20	(15%)	**96**	117	(18%)
Sub-Total Retail	**3,798**	3,482	9%	**12**	15	(20%)	**3,810**	3,497	9%	**3,889**	3,594	8%
Guaranteed Investment Contracts	**-**	668	-	**-**	-	-	**-**	668	-	**-**	668	-
GIC - Medium Term Note	**-**	418	-	**-**	-	-	**-**	418	-	**-**	418	-
Total US Insurance Operations	**3,798**	4,568	(17%)	**12**	15	(20%)	**3,810**	4,583	(17%)	**3,889**	4,680	(17%)
Asian Insurance Operations (1a)												
China (9)	**43**	48	(10%)	**17**	20	(15%)	**60**	68	(12%)	**125**	151	(17%)
Hong Kong	**31**	460	(93%)	**92**	104	(12%)	**123**	564	(78%)	**582**	1,110	(48%)
India (6)	**32**	44	(27%)	**73**	133	(45%)	**105**	177	(41%)	**272**	492	(45%)
Indonesia	**13**	76	(83%)	**82**	90	(9%)	**95**	166	(43%)	**282**	373	(24%)
Japan	**38**	99	(62%)	**25**	30	(17%)	**63**	129	(51%)	**155**	237	(35%)
Korea	**20**	49	(59%)	**64**	114	(44%)	**84**	163	(48%)	**314**	576	(45%)
Malaysia	**33**	17	94%	**49**	45	9%	**82**	62	32%	**295**	267	10%
Singapore	**115**	339	(66%)	**40**	45	(11%)	**155**	384	(60%)	**409**	674	(39%)
Taiwan	**32**	30	7%	**48**	19	153%	**80**	49	63%	**178**	95	87%
Other (4)	**8**	11	(27%)	**27**	35	(23%)	**35**	46	(24%)	**94**	117	(20%)
Total Asian Insurance Operations	**365**	1,173	(69%)	**517**	635	(19%)	**882**	1,808	(51%)	**2,706**	4,092	(34%)
Group Total	**6,614**	8,866	(25%)	**660**	775	(15%)	**7,274**	9,641	(25%)	**9,657**	12,436	(22%)

Date: 13 August 2009

Schedule 32 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS - HALF YEAR 2009

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK			US[1a]			Asia[1a]			Total		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
Total insurance products	**2,582**	3,250	(21%)	**3,810**	3,464	10%	**882**	1,486	(41%)	**7,274**	8,200	(11%)
Total Investment Products gross inflows[2]	**12,631**	7,491	69%	**6**	27	(78%)	**32,084**	22,843	40%	**44,721**	30,361	47%
	15,213	10,741	42%	**3,816**	3,491	9%	**32,966**	24,329	36%	**51,995**	38,561	35%

INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP		
	HY 2009 £m	HY 2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)	HY2009 £m	HY2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**726**	721	1%	**-**	-	-	**726**	721	1%	**726**	721	1%
Direct and Partnership Annuities	**273**	373	(27%)	**-**	-	-	**273**	373	(27%)	**273**	373	(27%)
Intermediated Annuities	**140**	285	(51%)	**-**	-	-	**140**	285	(51%)	**140**	285	(51%)
Total Individual Annuities	**1,139**	1,379	(17%)	**-**	-	-	**1,139**	1,379	(17%)	**1,139**	1,379	(17%)
Income Drawdown	**46**	30	53%	**-**	-	-	**46**	30	53%	**46**	30	53%
Equity Release	**54**	117	(54%)	**-**	-	-	**54**	117	(54%)	**54**	117	(54%)
Individual Pensions	**98**	32	206%	**3**	1	200%	**101**	33	206%	**107**	35	206%
Corporate Pensions	**47**	94	(50%)	**44**	38	16%	**91**	132	(31%)	**286**	280	2%
Unit Linked Bonds	**49**	67	(27%)	**-**	-	-	**49**	67	(27%)	**49**	67	(27%)
With-Profits Bonds	**684**	418	64%	**-**	-	-	**684**	418	64%	**684**	418	64%
Protection	**-**	-	-	**7**	3	133%	**7**	3	133%	**45**	16	181%
Offshore Products	**127**	321	(60%)	**2**	2	0%	**129**	323	(60%)	**137**	331	(59%)
Pru Health [11]	**-**	-	-	**6**	8	(25%)	**6**	8	(25%)	**56**	79	(29%)
Total Retail Retirement	**2,244**	2,458	(9%)	**62**	52	19%	**2,306**	2,510	(8%)	**2,603**	2,752	(5%)
Corporate Pensions	**68**	173	(61%)	**59**	62	(5%)	**127**	235	(46%)	**285**	376	(24%)
Other Products	**39**	77	(49%)	**10**	11	(9%)	**49**	88	(44%)	**74**	119	(38%)
DWP Rebates	**80**	103	(22%)	**-**	-	-	**80**	103	(22%)	**80**	103	(22%)
Total Mature Life and Pensions	**187**	353	(47%)	**69**	73	(5%)	**256**	426	(40%)	**439**	598	(27%)
Total Retail	**2,431**	2,811	(14%)	**131**	125	5%	**2,562**	2,936	(13%)	**3,042**	3,350	(9%)
Wholesale Annuities	**8**	307	(97%)	**-**	-	-	**8**	307	(97%)	**8**	307	(97%)
Credit Life	**12**	7	71%	**-**	-	-	**12**	7	71%	**12**	7	71%
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**3,062**	**3,664**	(16%)
Channel Summary												
Direct and Partnership	**949**	1,147	(17%)	**108**	106	2%	**1,057**	1,253	(16%)	**1,422**	1,579	(10%)
Intermediated	**1,402**	1,562	(10%)	**23**	19	21%	**1,425**	1,581	(10%)	**1,540**	1,669	(8%)
Wholesale	**20**	313	(94%)	**-**	-	-	**20**	313	(94%)	**20**	313	(94%)
Sub-Total	**2,371**	3,022	(22%)	**131**	125	5%	**2,502**	3,147	(20%)	**2,982**	3,561	(16%)
DWP Rebates	**80**	103	(22%)	**-**	-	-	**80**	103	(22%)	**80**	103	(22%)
Total UK Insurance Operations	**2,451**	3,125	(22%)	**131**	125	5%	**2,582**	3,250	(21%)	**3,062**	3,664	(16%)
US Insurance Operations[1a]												
Fixed Annuities	**701**	635	10%	**-**	-	-	**701**	635	10%	**701**	635	10%
Fixed Index Annuities	**575**	196	193%	**-**	-	-	**575**	196	193%	**575**	196	193%
Variable Annuities	**2,517**	1,797	40%	**-**	-	-	**2,517**	1,797	40%	**2,517**	1,797	40%
Life	**5**	4	25%	**12**	11	9%	**17**	15	13%	**96**	88	9%
Sub-Total Retail	**3,798**	2,632	44%	**12**	11	9%	**3,810**	2,643	44%	**3,889**	2,716	43%
Guaranteed Investment Contracts	**-**	505	-	**-**	-	-	**-**	505	-	**-**	505	-
GIC - Medium Term Note	**-**	316	-	**-**	-	-	**-**	316	-	**-**	316	-
Total US Insurance Operations	**3,798**	3,453	10%	**12**	11	9%	**3,810**	3,464	10%	**3,889**	3,537	10%
Asian Insurance Operations [1a]												
China[9]	**43**	35	23%	**17**	15	13%	**60**	50	20%	**125**	111	13%
Hong Kong	**31**	346	(91%)	**92**	78	18%	**123**	424	(71%)	**582**	834	(30%)
India [6]	**32**	40	(20%)	**73**	122	(40%)	**105**	162	(35%)	**272**	450	(40%)
Indonesia	**13**	68	(81%)	**82**	81	1%	**95**	149	(36%)	**282**	336	(16%)
Japan	**38**	68	(44%)	**25**	21	19%	**63**	89	(29%)	**155**	163	(5%)
Korea	**20**	50	(60%)	**64**	118	(46%)	**84**	168	(50%)	**314**	594	(47%)
Malaysia	**33**	14	136%	**49**	38	29%	**82**	52	58%	**295**	225	31%
Singapore	**115**	276	(58%)	**40**	37	8%	**155**	313	(50%)	**409**	547	(25%)
Taiwan	**32**	24	33%	**48**	16	200%	**80**	40	100%	**178**	78	128%
Other [4]	**8**	10	(20%)	**27**	29	(7%)	**35**	39	(10%)	**94**	97	(3%)
Total Asian Insurance Operations	**365**	931	(61%)	**517**	555	(7%)	**882**	1,486	(41%)	**2,706**	3,435	(21%)
Group Total	**6,614**	7,509	(12%)	**660**	691	(4%)	**7,274**	8,200	(11%)	**9,657**	10,636	(9%)

Schedule 33 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – QUARTER 2 2009 VERSUS QUARTER 2 2008

INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP		
	Q2 2009 £m	Q2 2008 £m	+/-(%)	Q2 2009 £m	Q2 2008 £m	+/-(%)	Q2 2009 £m	Q2 2008 £m	+/-(%)	Q2 2009 £m	Q2 2008 £m	+/-(%)
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**335**	399	(16%)	**-**	-	-	**335**	399	(16%)	**335**	399	(16%)
Direct and Partnership Annuities	**144**	197	(27%)	**-**	-	-	**144**	197	(27%)	**144**	197	(27%)
Intermediated Annuities	**81**	161	(50%)	**-**	-	-	**81**	161	(50%)	**81**	161	(50%)
Total Individual Annuities	**560**	757	(26%)	**-**	-	-	**560**	757	(26%)	**560**	757	(26%)
Income Drawdown	**28**	17	65%	**-**	-	-	**28**	17	65%	**28**	17	65%
Equity Release	**29**	66	(56%)	**-**	-	-	**29**	66	(56%)	**29**	66	(56%)
Individual Pensions	**56**	18	211%	**2**	1	100%	**58**	19	205%	**61**	20	205%
Corporate Pensions	**10**	48	(79%)	**24**	16	50%	**34**	64	(47%)	**133**	125	6%
Unit Linked Bonds	**25**	29	(14%)	**-**	-	-	**25**	29	(14%)	**25**	29	(14%)
With-Profits Bonds	**384**	271	42%	**-**	-	-	**384**	271	42%	**384**	271	42%
Protection	**-**	-	-	**4**	2	100%	**4**	2	100%	**27**	9	200%
Offshore Products	**68**	142	(52%)	**1**	1	0%	**69**	143	(52%)	**73**	146	(50%)
Pru Health [11]	**-**	-	-	**4**	5	(20%)	**4**	5	(20%)	**38**	47	(19%)
Total Retail Retirement	**1,160**	1,348	(14%)	**35**	25	40%	**1,195**	1,373	(13%)	**1,358**	1,487	(9%)
Corporate Pensions	**42**	80	(48%)	**33**	37	(11%)	**75**	117	(36%)	**161**	196	(18%)
Other Products	**20**	37	(46%)	**5**	6	(17%)	**25**	43	(42%)	**39**	62	(37%)
DWP Rebates	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Total Mature Life and Pensions	**62**	117	(47%)	**38**	43	(12%)	**100**	160	(38%)	**200**	258	(22%)
Total Retail	**1,222**	1,465	(17%)	**73**	68	7%	**1,295**	1,533	(16%)	**1,558**	1,745	(11%)
Wholesale Annuities	**7**	306	(98%)	**-**	-	-	**7**	306	(98%)	**7**	306	(98%)
Credit Life	**7**	4	75%	**-**	-	-	**7**	4	75%	**7**	4	75%
Total UK Insurance Operations	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**1,572**	2,055	(24%)
Channel Summary												
Direct and Partnership	**451**	613	(26%)	**59**	56	5%	**510**	669	(24%)	**701**	825	(15%)
Intermediated	**771**	854	(10%)	**14**	12	17%	**785**	866	(9%)	**857**	921	(7%)
Wholesale	**14**	308	(95%)	**-**	-	-	**14**	308	(95%)	**14**	308	(95%)
Sub-Total	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**1,572**	2,054	(23%)
DWP Rebates	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Total UK Insurance Operations	**1,236**	1,775	(30%)	**73**	68	7%	**1,309**	1,843	(29%)	**1,572**	2,055	(24%)
US Insurance Operations[1b][8]												
Fixed Annuities	**218**	442	(51%)	**-**	-	-	**218**	442	(51%)	**218**	442	(51%)
Fixed Index Annuities	**328**	98	235%	**-**	-	-	**328**	98	235%	**328**	98	235%
Variable Annuities	**1,466**	897	63%	**-**	-	-	**1,466**	897	63%	**1,466**	897	63%
Life	**3**	2	50%	**6**	6	0%	**9**	8	13%	**37**	46	(20%)
Sub-Total Retail	**2,015**	1,439	40%	**6**	6	0%	**2,021**	1,445	40%	**2,049**	1,483	38%
Guaranteed Investment Contracts	**-**	100	-	**-**	-	-	**-**	100	-	**-**	100	-
GIC - Medium Term Note	**-**	316	-	**-**	-	-	**-**	316	-	**-**	316	-
Total US Insurance Operations	**2,015**	1,855	9%	**6**	6	0%	**2,021**	1,861	9%	**2,049**	1,899	8%
Asian Insurance Operations [1b][8]												
China[9]	**16**	16	0%	**9**	8	13%	**25**	24	4%	**57**	47	21%
Hong Kong	**22**	194	(89%)	**47**	39	21%	**69**	233	(70%)	**289**	455	(36%)
India [6]	**9**	33	(73%)	**19**	34	(44%)	**28**	67	(58%)	**74**	95	(22%)
Indonesia	**7**	24	(71%)	**45**	45	0%	**52**	69	(25%)	**155**	149	4%
Japan	**22**	30	(27%)	**10**	3	233%	**32**	33	(3%)	**73**	40	83%
Korea	**11**	24	(54%)	**28**	62	(55%)	**39**	86	(55%)	**131**	303	(57%)
Malaysia	**28**	7	300%	**26**	24	8%	**54**	31	74%	**166**	138	20%
Singapore	**86**	71	21%	**21**	20	5%	**107**	91	18%	**257**	221	16%
Taiwan	**13**	22	(41%)	**19**	10	90%	**32**	32	0%	**75**	58	29%
Other[4]	**5**	6	(17%)	**14**	14	0%	**19**	20	(5%)	**50**	49	2%
Total Asian Insurance Operations	**219**	427	(49%)	**238**	259	(8%)	**457**	686	(33%)	**1,327**	1,555	(15%)
Group Total	**3,470**	4,057	(14%)	**317**	333	(5%)	**3,787**	4,390	(14%)	**4,948**	5,509	(10%)

INVESTMENT OPERATIONS

		Opening FUM £m	Gross Inflows £m	Redemptions £m	**Net Inflows £m**	Other Movements £m	Market & Currency Movements £m	**Net Movement In FUM £m**	**Closing FUM £m**
M&G[5]	Q2 2009	46,536	8,223	(2,141)	**6,082**	35	3,268	**9,385**	**55,921**
	Q2 2008	50,139	4,151	(2,272)	**1,879**	(43)	(276)	**1,560**	**51,699**
	+/-(%)	(7%)	98%	6%	**224%**	181%	1,284%	**502%**	**8%**
Asia Retail Mutual Funds	Q2 2009	14,324	17,331	(16,062)	**1,269**	(442)	367	**1,194**	**15,518**
	Q2 2008	15,043	11,213	(10,098)	**1,115**	(69)	(1,244)	**(198)**	**14,845**
	+/-(%)	(5%)	55%	(59%)	**14%**	(541%)	130%	**703%**	**5%**
Asia Third Party	Q2 2009	799	10	(8)	**2**	-	58	**60**	**859**
	Q2 2008	959	219	(229)	**(10)**	-	(108)	**(118)**	**841**
	+/-(%)	(17%)	(95%)	97%	**120%**	-	154%	**151%**	**2%**
US Retail Mutual Funds	Q2 2009	44	3	(12)	**(9)**	-	3	**(6)**	**38**
	Q2 2008	59	10	(6)	**4**	-	(1)	**3**	**62**
	+/-(%)	(25%)	(70%)	(100%)	**(325%)**	-	400%	**(300%)**	**(39%)**
Total Investment Products	Q2 2009	61,703	25,567	(18,223)	**7,344**	(407)	3,696	**10,633**	**72,336**
	Q2 2008	66,200	15,593	(12,605)	**2,988**	(112)	(1,629)	**1,247**	**67,447**
	+/-(%)	(7%)	64%	(45%)	**146%**	(263%)	327%	**753%**	**7%**

Date: 13 August 2009

Schedule 34 - Actual Exchange Rates

PRUDENTIAL PLC - NEW BUSINESS – QUARTER 2 2009 VERSUS QUARTER 1 2009

INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP		
	Q2 2009	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)	**Q2 2009**	Q1 2009	+/-(%)
	£m	£m		**£m**	£m		**£m**	£m		**£m**	£m	
UK Insurance Operations												
Product Summary												
Internal Vesting Annuities	**335**	391	(14%)	**-**	-	-	**335**	391	(14%)	**335**	391	(14%)
Direct and Partnership Annuities	**144**	129	12%	**-**	-	-	**144**	129	12%	**144**	129	12%
Intermediated Annuities	**81**	59	37%	**-**	-	-	**81**	59	37%	**81**	59	37%
Total Individual Annuities	**560**	579	(3%)	**-**	-	-	**560**	579	(3%)	**560**	579	(3%)
Income Drawdown	**28**	18	56%	**-**	-	-	**28**	18	56%	**28**	18	56%
Equity Release	**29**	25	16%	**-**	-	-	**29**	25	16%	**29**	25	16%
Individual Pensions	**56**	42	33%	**2**	1	100%	**58**	43	35%	**61**	46	33%
Corporate Pensions	**10**	37	(73%)	**24**	20	20%	**34**	57	(40%)	**133**	153	(13%)
Unit Linked Bonds	**25**	24	4%	**-**	-	-	**25**	24	4%	**25**	24	4%
With-Profits Bonds	**384**	300	28%	**-**	-	-	**384**	300	28%	**384**	300	28%
Protection	**-**	-	-	**4**	3	33%	**4**	3	33%	**27**	18	50%
Offshore Products	**68**	59	15%	**1**	1	0%	**69**	60	15%	**73**	64	14%
Pru Health (11)	**-**	-	-	**4**	2	100%	**4**	2	100%	**38**	18	111%
Total Retail Retirement	**1,160**	1,084	7%	**35**	27	30%	**1,195**	1,111	8%	**1,358**	1,245	9%
Corporate Pensions	**42**	26	62%	**33**	26	27%	**75**	52	44%	**161**	124	30%
Other Products	**20**	19	5%	**5**	5	0%	**25**	24	4%	**39**	35	11%
DWP Rebates	**-**	80	-	**-**	-	-	**-**	80	-	**-**	80	-
Total Mature Life and Pensions	**62**	125	(50%)	**38**	31	23%	**100**	156	(36%)	**200**	239	(16%)
Total Retail	**1,222**	1,209	1%	**73**	58	26%	**1,295**	1,267	2%	**1,558**	1,484	5%
Wholesale Annuities	**7**	1	600%	**-**	-	-	**7**	1	600%	**7**	1	600%
Credit Life	**7**	5	40%	**-**	-	-	**7**	5	40%	**7**	5	40%
Total UK Insurance Operations	**1,236**	1,215	2%	**73**	58	26%	**1,309**	1,273	3%	**1,572**	1,490	6%
Channel Summary												
Direct and Partnership	**451**	498	(9%)	**59**	49	20%	**510**	547	(7%)	**701**	721	(3%)
Intermediated	**771**	631	22%	**14**	9	56%	**785**	640	23%	**857**	683	25%
Wholesale	**14**	6	133%	**-**	-	-	**14**	6	133%	**14**	6	133%
Sub-Total	**1,236**	1,135	9%	**73**	58	26%	**1,309**	1,193	10%	**1,572**	1,410	11%
DWP Rebates	**-**	80	-	**-**	-	-	**-**	80	-	**-**	80	-
Total UK Insurance Operations	**1,236**	1,215	2%	**73**	58	26%	**1,309**	1,273	3%	**1,572**	1,490	6%
US Insurance Operations (1b)(8)												
Fixed Annuities	**218**	483	(55%)	**-**	-	-	**218**	483	(55%)	**218**	483	(55%)
Fixed Index Annuities	**328**	247	33%	**-**	-	-	**328**	247	33%	**328**	247	33%
Variable Annuities	**1,466**	1,051	39%	**-**	-	-	**1,466**	1,051	39%	**1,466**	1,051	39%
Life	**3**	2	50%	**6**	6	0%	**9**	8	13%	**37**	59	(37%)
Sub-Total Retail	**2,015**	1,783	13%	**6**	6	0%	**2,021**	1,789	13%	**2,049**	1,840	11%
Guaranteed Investment Contracts	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
GIC - Medium Term Note	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Total US Insurance Operations	**2,015**	1,783	13%	**6**	6	0%	**2,021**	1,789	13%	**2,049**	1,840	11%
Asian Insurance Operations (1b)(8)												
China (9)	**16**	27	(41%)	**9**	8	13%	**25**	35	(29%)	**57**	68	(16%)
Hong Kong	**22**	9	144%	**47**	45	4%	**69**	54	28%	**289**	293	(1%)
India (6)	**9**	23	(61%)	**19**	54	(65%)	**28**	77	(64%)	**74**	198	(63%)
Indonesia	**7**	6	17%	**45**	37	22%	**52**	43	21%	**155**	127	22%
Japan	**22**	16	38%	**10**	15	(33%)	**32**	31	3%	**73**	82	(11%)
Korea	**11**	9	22%	**28**	36	(22%)	**39**	45	(13%)	**131**	183	(28%)
Malaysia	**28**	5	460%	**26**	23	13%	**54**	28	93%	**166**	129	29%
Singapore	**86**	29	197%	**21**	19	11%	**107**	48	123%	**257**	152	69%
Taiwan	**13**	19	(32%)	**19**	29	(34%)	**32**	48	(33%)	**75**	103	(27%)
Other (4)	**5**	3	67%	**14**	13	8%	**19**	16	19%	**50**	44	14%
Total Asian Insurance Operations	**219**	146	50%	**238**	279	(15%)	**457**	425	8%	**1,327**	1,379	(4%)
Group Total	**3,470**	3,144	10%	**317**	343	(8%)	**3,787**	3,487	9%	**4,948**	4,709	5%

INVESTMENT OPERATIONS

		Opening FUM £m	Gross Inflows £m	Redemptions £m	**Net Inflows £m**	Other Movements £m	Market & Currency Movements £m	**Net Movement In FUM £m**	**Closing FUM £m**
M&G (5)	Q2 2009	**46.536**	8,223	(2,141)	**6,082**	35	3,268	**9,385**	**55,921**
	Q2 2008	**46.997**	4,408	(1,865)	**2,543**	(653)	(2,351)	**(461)**	**46,536**
	+/-(%)	**(1%)**	87%	(15%)	**139%**	105%	239%	**2,136%**	**20%**
Asia Retail Mutual Funds	Q2 2009	**14,324**	17,331	(16,062)	**1,269**	(442)	367	**1,194**	**15,518**
	Q2 2008	**14,443**	14,719	(14,535)	**184**	(10)	(293)	**(119)**	**14,324**
	+/-(%)	**(1%)**	18%	(11%)	**590%**	(4,320%)	225%	**1,103%**	**8%**
Asia Third Party	Q2 2009	**799**	10	(8)	**2**	-	58	**60**	**859**
	Q2 2008	**789**	24	(23)	**1**	-	9	**10**	**799**
	+/-(%)	**1%**	(58%)	65%	**100%**	-	544%	**500%**	**8%**
US Retail Mutual Funds	Q2 2009	**44**	3	(12)	**(9)**	-	3	**(6)**	**38**
	Q2 2008	**50**	3	(6)	**(3)**	1	(4)	**(6)**	**44**
	+/-(%)	**(12%)**	0%	(100%)	**(200%)**	-	175%	**0%**	**(14%)**
Total Investment Products	Q2 2009	**61.703**	25,567	(18,223)	**7,344**	(407)	3,696	**10,633**	**72,336**
	Q2 2008	**62,279**	19,154	(16,429)	**2,725**	(662)	(2,639)	**(576)**	**61,703**
	+/-(%)	**(1%)**	33%	(11%)	**170%**	39%	240%	**1,946%**	**17%**

Date: 13 August 2009

Schedule 35

PRUDENTIAL PLC - NEW BUSINESS SCHEDULES

BASIS OF PREPARATION

The new business schedules are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not, and not intended to be, reflective of premium income recorded in the IFRS income statement.

The format of the schedules is consistent with the distinction between insurance and investment products as applied for previous financial reporting periods. Products categorised as "insurance" refer to those classified as contracts of long-term insurance business for regulatory reporting purposes, i.e. falling within one of the classes of insurance specified in part II of Schedule 1 to the Regulated Activities Order under FSA regulations.

The details shown for insurance products include contributions for contracts that are classified under IFRS 4 "Insurance Contracts" as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK Insurance Operations, and Guaranteed Investment Contracts and similar funding agreements written in US Operations.

New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

Investment products referred to in the tables for funds under management are unit trusts, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as investment contracts under IFRS 4, as described in the preceding paragraph, although similar IFRS recognition and measurement principles apply to the acquisition costs and fees attaching to this type of business.

Notes to Schedules 25 to 34

(1a) Insurance and investment new business for overseas operations has been calculated using constant exchange rates. The applicable rate for Jackson is 1.49

(1b) Insurance and investment new business for overseas operations has been calculated using actual exchange rates. The applicable rate for Jackson is 1.49 for 2009 (2008: 1.97).

(2) Represents cash received from sale of investment products.

(3) Annual Equivalents, calculated as regular new business contributions plus 10 per cent single new business contributions, are subject to roundings. PVNBPs are calculated as equalling single premiums plus the present value of expected premiums of new regular premium business. In determining the present value, allowance is made for lapses and other assumptions applied in determining the EEV new business profit.

(4) In Asia, 'Other' insurance operations include Thailand, the Philippines and Vietnam.

(5) Balance includes segregated and pooled pension funds, private finance assets and other institutional clients. Other movements reflect the net flows arising from the cash component of a tactical asset allocation fund managed by PPM South Africa.

(6) New business in India is included at Prudential's 26 per cent interest in the India life operation.

(7) Statement of financial position figures have been calculated at the closing exchange rate. Prior year balance is shown on a constant exchange rate.

(8) Sales are converted using the year to date average exchange rate applicable at the time. The sterling results for individual quarters represent the difference between the year to date reported sterling results at successive quarters and will include foreign exchange movements from earlier periods.

(9) New business in China is included at Prudential's 50 per cent interest in the China life operation.

(10) Mandatory Provident Fund (MPF) product sales in Hong Kong are included at Prudential's 36 per cent interest in Hong Kong MPF operation.

(11) Pru Health sales exclude £6 million (£3 million 50 per cent share) of Trust business