

Date: 29 July 2003

PRUDENTIAL PLC

2003 Unaudited Interim Results

Supplementary information

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Schedule 1

2003 Unaudited Interim results

Achieved Profits basis results

Half Year ended 30 June 2003

	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Basic earnings per share (note 1a)						
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	397	(127)	270	5	275	13.8
Amortisation of goodwill	(49)		(49)		(49)	(2.5)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns	316	(82)	234		234	11.7
Adjustment for post-tax effect of changes in economic assumptions	(487)	103	(384)		(384)	(19.2)
Based on profit for the period after minority interests	177	(106)	71	5	76	3.8

Note

1a The average number of shares for the Half Year ended 30 June 2003 was 1,995m.

2003 Unaudited Interim results**Achieved Profits basis results****Economic assumptions and sensitivities****(1) Basis of preparation of results****Basis of Preparation of Results**

The achieved profits basis results have been prepared in accordance with the guidance issued by the Association of British Insurers in December 2001 "Supplementary Reporting for long-term insurance business (the achieved profits method)".

Under this guidance the basis for setting long-term expected rates of return on investments and risk discount rates are, for countries with developed long-term fixed income markets, set by reference to period end rates of return on fixed income securities.

This "active" basis of assumption setting has been applied in preparing the results of the Group's UK, US, and European long-term business operations. For the Group's Asian operations, the active basis is appropriate for business written in Japan and Korea and for US dollar denominated business written in Hong Kong.

For countries where long-term fixed income markets are underdeveloped, investment return assumptions and risk discount rates should be based on an assessment of long-term economic conditions. Except for the countries listed above, this basis is appropriate for the Group's Asian operations.

The profit and loss account charge or credit in respect of changes in economic assumptions, which is shown as an item excluded from operating profit, reflects the effect on shareholders' funds at the start of the reporting period. The effect of changes in operating assumptions, which are included within the analysis of operating profit, also reflect the impact at the start of the reporting period.

New business operating profit and the unwind of discount and experience variances included in the analysis of operating profit from business in force are measured using the revised operating and economic assumptions.

The key economic assumptions and sensitivity of the results to changes to those assumptions are described below.

(2) Economic assumptions**UK and Europe Insurance Operations**

	Half-year 2003	Half-year 2002	Full-year 2002
Pre-tax expected long-term nominal rates of investment return:			
UK equities	6.9%	7.5%	7.0%
Overseas equities	6.2% to 7.5%	7.5% to 7.8%	7.0% to 7.8%
Property	6.2%	7.5%	6.75%
Gilts	4.4%	5.0%	4.5%
Corporate bonds	5.4%	6.0%	5.5%
PAC with-profits fund assets (applying the rates listed above to the investments held by the fund)	6.4%	7.1%	6.6%
Expected long-term rate of inflation	2.9%	2.6%	2.5%
Post-tax expected long-term nominal rate of return:			
Pension business (where no tax applies)	6.4%	7.1%	6.6%
Life business	5.6%	6.3%	5.7%
Risk margin included within the risk discount rate	2.6%	2.6%	2.6%
Risk discount rate	7.0%	7.7%	7.1%

US Operations (Jackson National Life)

Expected long-term spread between earned rate and rate credited to policyholders	1.75%	1.75%	1.75%
US 10 year treasury bond rate	3.5%	4.9%	3.9%
Risk margin included within the risk discount rate	3.1%	2.6%	3.1%
Risk discount rate	6.6%	7.5%	7.0%

Economic assumptions and sensitivities (continued)**Prudential Asia**

	Half Year ended 30 June <u>2003</u>	Full Year <u>2002</u>	Full Year <u>2002</u>
Weighted pre-tax expected long-term nominal rates of investment return	7.2%	7.2%	7.1%
Weighted expected long-term rate of inflation	3.3%	3.0%	3.0%
Weighted risk discount rate	10.5%	9.9%	9.6%

The economic assumptions shown above for Prudential Asia have been determined by weighting each country's economic assumptions by reference to the Achieved Profits basis operating results for new business written in the relevant period.

(3) Effect of altered economic assumptions

Pre-tax (losses) profits resulting from changes in economic assumptions included within the profit (loss) on ordinary activities before tax arise as follows:

	Half Year ended 30 June <u>2003</u>	Full Year <u>2002</u>	Full Year <u>2002</u>
	£m	£m	£m
UK and Europe insurance operations	(104)	-	(233)
Jackson National Life	(167)	30	(76)
Prudential Asia	(216)	(52)	(158)
Total	<u>(487)</u>	<u>(22)</u>	<u>(467)</u>

(4) Half Year 2003 Results: Sensitivities

The estimated increase (decrease) in the Half Year 2003 Group results that would arise from the following changes in economic assumptions are:

<u>Half Year 2003 Pre-tax operating profit from new business</u>	Group Total £m
Pre-tax expected long-term nominal rates of investment return	
Increase in rates of 1%	47
Decrease in rates of 1%	(48)
Risk discount rates	
Increase in rates of 1%	(36)
Decrease in rates of 1%	42
<u>30 June 2003 Shareholders' Funds</u>	
Pre-tax expected long-term nominal rates of investment return	
Increase in rates of 1%	767
Decrease in rates of 1%	(810)
Risk discount rates	
Increase in rates of 1%	(413)
Decrease in rates of 1%	492

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Schedule 3

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Achieved Profits basis results

	Half Year ended 30 June 2003			Half Year ended 30 June 2002			Full Year 2002		
	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Operating profit from new long-term insurance business	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK and Europe Insurance Operations	86	(26)	60	145	(44)	101	233	(69)	164
Jackson National Life (note 3a)	94	(46)	48	117	(56)	61	234	(116)	118
Prudential Asia	123	(34)	89	135	(40)	95	307	(84)	223
	<u>303</u>	<u>(106)</u>	<u>197</u>	<u>397</u>	<u>(140)</u>	<u>257</u>	<u>774</u>	<u>(269)</u>	<u>505</u>

Note

3a Jackson National Life net of tax profits

Pre capital charge	56	79	142
Capital charge (see note 7b on Schedule 7)	(8)	(18)	(24)
Post capital charge	<u>48</u>	<u>61</u>	<u>118</u>

MEMORANDUM ONLY

	Half Year ended 30 June 2002			Full Year 2002		
Estimated results applying same economic assumptions as for Half Year 2003 results	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
	£m	£m	£m	£m	£m	£m
UK and Europe Insurance Operations	137	(42)	95	226	(68)	158
Jackson National Life (note)	109	(53)	56	219	(107)	112
Prudential Asia	126	(37)	89	272	(74)	198
	<u>372</u>	<u>(132)</u>	<u>240</u>	<u>717</u>	<u>(249)</u>	<u>468</u>

Note

Jackson National Life net of tax profits

Pre capital charge	67	134
Capital charge (see note 7b on Schedule 7)	(11)	(22)
Post capital charge	<u>56</u>	<u>112</u>

2003 Unaudited Interim results**Achieved Profits basis results**

	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
Operating profit from business in force			
UK and Europe Insurance Operations			
Unwind of discount (notes 4a and 4e)	156	206	367
Cost of strengthened persistency assumption (note 4b)	(50)	-	(47)
Other items (note 4b)	(18)	(14)	(13)
	<u>88</u>	<u>192</u>	<u>307</u>
Jackson National Life			
Unwind of discount (note 4e)	69	100	156
Return on surplus assets (over target surplus)	17	12	41
Experience variances :			
Spread (notes 4c and 4d)	(21)	(52)	(72)
Persistency	4	5	8
Mortality and morbidity	7	(6)	0
Expenses	(2)	1	1
Averaged realised losses on bonds in excess of long-term default assumption (See schedule 5 and note 4c)	(38)	(34)	(59)
Loss from strengthening operating assumptions	-	(56)	(54)
Other	5	7	(4)
	<u>41</u>	<u>(23)</u>	<u>17</u>
Prudential Asia			
Unwind of discount (note 4e)	55	52	95
Profit arising from reorganisation of long-term funds	-	-	59
Change in operating assumptions	-	(5)	42
Experience variances and other items	(16)	(13)	13
	<u>39</u>	<u>34</u>	<u>209</u>
Total	<u>168</u>	<u>203</u>	<u>533</u>

Notes**4a UK Operations - smoothing of asset values**

The unwind of discount for UK long-term business operations represents the unwind of discount on the value of in-force business at the beginning of the period (adjusted for the effect of current year assumption changes); the expected return on smoothed surplus assets retained within the PAC with-profits fund (see schedule 7), 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 volatility of investment values (see Schedule 7 - note 7a).

4b UK Operations - cost of strengthened persistency assumption and other items

The £50m cost of strengthened persistency assumption for the Half Year 2003 relates to personal pension policies sold by the now discontinued direct sales force. The £18m charge for other items includes a £17m adverse experience variance for persistency, primarily relating to Prudence Bond.

4c Jackson National Life - Spread variance and averaged realised losses on bonds in excess of charge for long-term default assumption

The presentation of Jackson National Life's operating profit has been revised. The charge for averaged realised losses shown above is as compared to the long-term default assumption for fixed income securities, which is now presented as part of the determination of the spread variance. In previous periods the experience variance for spread was presented before deduction of the default assumption for fixed income securities. The charge for the default assumption is calculated using a weighted risk margin reserve (RMR) approach. An RMR charge is individually assigned to asset classes based on credit ratings and, where necessary, credit analysis. This is then weighted by reference to the carrying value of the investments. The revised presentation has had no effect on operating profit.

The spread variance on the current and previous bases of presentation is set out below:

	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
Using previous basis	18	(15)	2
Less: long-term default assumption (Schedule 5 - note 5d)	(39)	(37)	(74)
As reported above	<u>(21)</u>	<u>(52)</u>	<u>(72)</u>

4d Jackson National Life - spread variance and longer-term returns on equity based investments

As in previous periods, the spread variance shown above has been determined after including longer-term returns on equity based investments. This treatment is consistent with the inclusion of longer-term investment returns within operating profits. Short-term fluctuations in investment returns, including those for equity based investments, are excluded from operating profit but included within the total profit or loss for the reporting period. An analysis of the short-term fluctuations in investment returns is shown in schedule 5.

4e Memorandum only - estimated unwind of discount in 2002 applying the same economic assumptions as for the Half Year 2003 results:

	Half Year ended 30 June 2002 £m	Full Year 2002 £m
UK and Europe Insurance Operations	182	351
Jackson National Life	70	138
Prudential Asia	49	83
Total	<u>301</u>	<u>572</u>

2003 Unaudited Interim results**Achieved Profits basis results**

Short-term fluctuations in investment returns	Half Year ended 30 June 2003 £m	2002 £m	Full Year 2002 £m
Long-term business			
UK and Europe Insurance Operations (note 5a)	195	(447)	(1,021)
Jackson National Life (note 5b)	54	(202)	(440)
Prudential Asia (note 5e)	67	(7)	66
Share of investment return of funds managed by PPM America, that are consolidated into Group results, but attributable to external investors	-	(1)	(5)
Other operations	-	(4)	(6)
Total	316	(661)	(1,406)

Notes**5a UK Operations**

Short-term fluctuations in investment returns represent the difference between total investment returns in the period attributable to shareholders on the achieved profits basis and the return included within operating profit as described in note 4a on schedule 4.

5b Jackson National Life - summary

Short-term fluctuations comprise:	Half Year ended 30 June 2003 £m	2002 £m	Full Year 2002 £m
Actual investment return on investments less long-term returns included within operating profit (note 5c)	19	(169)	(295)
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	35	(33)	(145)
	54	(202)	(440)

5c Jackson National Life - Actual investment return on investments less long-term returns

This comprises:	Half Year ended 30 June 2003 £m	2002 £m	Full Year 2002 £m
Actual less averaged realised gains and losses (including impairments) for fixed maturity securities (note 5d)	20	(87)	(156)
Actual less longer-term return on equity based investments	(2)	(72)	(128)
Investment appreciation (depreciation) on preference shares	1	(10)	(11)
	19	(169)	(295)

5d Jackson National Life - Actual less averaged realised gains and losses (including impairments) for fixed maturity securities

	Half Year ended 30 June 2003 US\$m	£m
Total realised gains and losses arising in:		
1999	3	2
2000	(90)	(56)
2001	(532)	(330)
2002	(435)	(270)
Total	(1,054)	(654)
Half of full years 1999 to 2002	(527)	(327)
Half year 2003	(92)	(57)
Five year total	(619)	(384)
Five year average included in operating result	(124)	(77)
Representing:		
Long-term default assumption (Schedule 4 - note 4c)	(63)	(39)
Averaged losses in excess of the long-term default assumption (Schedule 4)	(61)	(38)
	(124)	(77)
Actual less averaged losses excluded from operating result but included in profit before tax (note 5c)	32	20

5e Prudential Asia

Short term fluctuations for Prudential Asia for Half Year 2003 primarily reflect bond value movements

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Schedule 6

2003 Unaudited Interim results

Achieved Profits basis results

Tax charge	Half Year ended 30 June 2003 £m	2002 £m	Full Year 2002 £m
<u>Tax charge on operating profit</u> (note 6a)			
Long-term business:			
UK and Europe Insurance Operations	53	100	166
Jackson National Life (note 6b)	34	53	49
Prudential Asia (note 6c)	54	48	123
	<u>141</u>	<u>201</u>	<u>338</u>
Other operations	(14)	(23)	(52)
Total tax on operating profit	<u>127</u>	<u>178</u>	<u>286</u>
<u>Tax on items not included in operating profit</u>			
Tax on short-term fluctuations in investment returns	82	(218)	(447)
Tax on loss from changes in economic assumptions	(103)	(5)	(181)
Tax on profit of sale of UK general business operations (after utilisation of available capital losses)	-	11	13
Total tax on items not included in operating profit	<u>(21)</u>	<u>(212)</u>	<u>(615)</u>
Tax charge (credit) on profit (loss) on ordinary activities (including tax on actual investment returns)	<u>106</u>	<u>(34)</u>	<u>(329)</u>

Notes

- 6a Tax on operating profit based on long-term investment returns.
- 6b Excluding tax charge on broker dealer and fund management result.
- 6c Including tax relief on development expenses.

2003 Unaudited Interim results**Achieved Profits basis results**

Shareholders' funds summary (note 7b)	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
UK and Europe Operations (note 7a)			
Long-term business operations			
Smoothed shareholders' funds (note 7c)	3,363	3,792	3,437
Actual shareholders' funds less smoothed shareholders' funds	(256)	(254)	(411)
	3,107	3,538	3,026
M&G	347	354	382
Egg (note 7f)	353	382	369
	<u>3,807</u>	<u>4,274</u>	<u>3,777</u>
US Operations (note 7d)			
Jackson National Life net of surplus note borrowings (note 7g)			
Before capital charge			
Excluding assets in excess of target surplus	1,956	2,354	1,965
Assets in excess of target surplus	816	346	830
	2,772	2,700	2,795
Capital charge (note 7d)	(144)	(197)	(138)
After capital charge	2,628	2,503	2,657
Other US operations (note 7e)	77	134	75
	<u>2,705</u>	<u>2,637</u>	<u>2,732</u>
Prudential Asia	1,342	1,153	1,407
Other operations			
Goodwill (note 7f)	1,494	1,576	1,546
Holding company net borrowings (note 7g)	(2,111)	(1,603)	(2,071)
Other net (liabilities) assets	(136)	16	(195)
	<u>(753)</u>	<u>(11)</u>	<u>(720)</u>
Total (note 7h)	<u>7,101</u>	<u>8,053</u>	<u>7,196</u>

Notes

- 7a The proportion of surplus allocated to shareholders from the UK with-profits business has been based on the present level of 10%. 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.
- 7b A charge is deducted from the annual result and balance sheet value for the cost of capital supporting solvency requirements for the Group's long-term business operations. The cost is the difference between the nominal value of solvency capital and the present value, at risk discount rates, of the projected release of this capital and the investment earnings on the capital. Where solvency capital is held within a with-profits long-term 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 solvency capital.
- 7c UK long-term business smoothed shareholders' funds reflect an adjustment to PAC life fund assets, for the purposes of determining the unwind of discount included in operating profits, to remove the effects of short-term volatility in market values of assets.
- 7d In determining the cost of capital of Jackson National Life it has been assumed that an amount equal to 200 per cent of the risk based capital required by the NAIC at the Company Action level must be retained. The impact of the related capital charge is to reduce Jackson National Life's shareholders' funds by £144m (30 June 2002 £197m, 31 December 2002 £138m).
- 7e Relates to broker dealer and fund management operations.

	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
7f Total goodwill comprises :			
Held within US Operations relating to broker dealer and banking businesses	55	61	58
Held within Egg	6	-	-
Other operations, relating to M&G and acquired Asian businesses	1,494	1,576	1,546
	<u>1,555</u>	<u>1,637</u>	<u>1,604</u>
7g Net core structural borrowings of shareholder financed operations comprise:	Half Year ended 30 June	2002 £m	Full Year
	2003 £m		2002 £m
Holding company net cash and short-term investments	364	288	226
Core structural borrowings of shareholder financed operations			
Holding Company	(2,475)	(1,891)	(2,297)
Jackson National Life surplus notes	(151)	(164)	(155)
	<u>(2,262)</u>	<u>(1,767)</u>	<u>(2,226)</u>

- 7h If the economic assumptions applied for Half Year 2003 had been in place at 31 December 2002, the achieved profits basis shareholders' funds at that date would have been lower by £384m. This represents a pre-tax loss of £487m less related tax credit of £103m. These figures are analysed by business operation in schedule 8.

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Schedule 8

2003 Unaudited Interim results**Achieved Profits basis results**

	Long-term business operations					
	UK and Europe Insurance Operations £m	Jackson National Life £m	Prudential Asia £m	Total Long-term business operations £m	Other operations £m	Group total £m
Reconciliation of movement in shareholders funds						
Operating profit (including investment return based on long-term rates of returns)						
Long-term business						
New business (schedule 3)	86	94	123	303		303
Business in force (schedule 4)	88	41	39	168		168
	174	135	162	471		471
Asia development expenses			(12)	(12)		(12)
M&G					38	38
Egg					(23)	(23)
US broker dealer and fund management					9	9
Other income and expenditure					(86)	(86)
Operating profit (loss) before amortisation of goodwill	174	135	150	459	(62)	397
Amortisation of goodwill		(2)		(2)	(47)	(49)
Short-term fluctuations in investment returns (schedule 5)	195	54	67	316		316
Effect of changes in economic assumptions (schedule 2)	(104)	(167)	(216)	(487)		(487)
Profit (loss) on ordinary activities before tax	265	20	1	286	(109)	177
Tax (schedule 6)						
tax on operating profit	(53)	(34)	(54)	(141)	14	(127)
tax on short-term fluctuations in investment returns	(58)	(18)	(6)	(82)		(82)
tax on effect of changes in economic assumptions	31	68	4	103		103
total tax charge	(80)	16	(56)	(120)	14	(106)
Minority interests					5	5
Profit (loss) for the period	185	36	(55)	166	(90)	76
Exchange movements	3	(65)	(43)	(105)	19	(86)
Development costs included above (net of tax) borne centrally			4	4	(4)	
Intragroup dividends (including statutory transfer)	(107)		(31)	(138)	138	
External dividends					(106)	(106)
Investment in operations			60	60	(60)	
Proceeds from issues of share capital by parent company					21	21
Net increase (decrease) in shareholders' capital and reserves	81	(29)	(65)	(13)	(82)	(95)
Shareholders' capital and reserves at 1 January 2003	3,026	2,657	1,407	7,090	106	7,196
Shareholders' capital and reserves at 30 June 2003	3,107	2,628	1,342	7,077	24	7,101
Analysed as:						
Statutory basis shareholders' funds	606	2,381	656	3,643	24	3,667
Additional shareholders' interest on Achieved Profits basis	2,501	247	686	3,434		3,434
Achieved Profits basis shareholders' funds	3,107	2,628	1,342	7,077	24	7,101

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Schedule 9

2003 Unaudited Interim results

Statutory basis results

Half Year ended 30 June 2003

	Pre-tax £m	Tax £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
Basic earnings per share (note 9a)						
Based on operating profit after tax and related minority interests before amortisation of goodwill and exceptional items	172	(52)	120	5	125	6.3
Amortisation of goodwill	(49)		(49)		(49)	(2.5)
Adjustment from post-tax long-term investment returns to post-tax actual investment returns	72	(9)	63		63	3.2
Based on profit for the period after minority interests	195	(61)	134	5	139	7.0

Note

9a The average number of shares for the Half Year ended 30 June 2003 was 1,995m.

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Schedule 10

2003 Unaudited Interim results

Statutory basis results

	Half Year ended 30 June		Full Year	Half Year ended 30 June		Full Year
	2003	2002	2002	2003	2002	2002
US Operations	US\$m	US\$m	US\$m	£m	£m	£m
UK basis operating result						
Jackson National Life (note 10a & Schedule 11)	124	202	209	77	140	139
Broker dealer and fund management result	14	14	21	9	10	14
Operating result for UK reporting purposes	138	216	230	86	150	153
Average exchange rates				1.61	1.44	1.50

Notes

10a Longer-term investment returns included in UK basis operating profit

UK basis operating profit for the Half Year ended 30 June 2003 includes the following longer-term investment returns (net of related change to amortisation of acquisition costs)	Half Year ended 30 June 2003	
	US\$m	£m
Averaged realised losses on fixed maturity securities (note 10b)	(111)	(69)
Longer-term returns on equity based investments (note 10c)	27	17

10b Averaged realised losses on fixed maturity securities

Realised losses arising in period (net of related change to amortisation of acquisition costs).

	Half Year ended 30 June 2003	
	US\$m	£m
Full Year		
1999	(1)	(1)
2000	(69)	(43)
2001	(477)	(296)
2002	(396)	(246)
Total	(943)	(586)
Half of full years 1999 to 2002	(472)	(293)
Half year 2003	(83)	(52)
Five year total	(555)	(345)
Five year average included in operating result	(111)	(69)
Difference between current period realised losses and five year average which is excluded from operating profit but included in profit before tax.	28	17

10c Longer-term returns on equity based investments

Longer-term returns for these investments have been determined by applying a longer-term rate of return of 7.75%.

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Schedule 11

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Statutory basis results

Half Year ended 30 June 2003

Jackson National Life result - reconciliation of 2003 US GAAP basis result to UK GAAP result	US GAAP adjusted for minority interests and reversal of FAS 133, FAS 115, and FAS 142 effects (note 11a) US \$m	UK GAAP adjustments Longer-term investment returns (note 11b) US \$m	Segmental result for UK Modified Statutory Basis GAAP purposes (note 11c) US \$m	£m
Profit and loss account				
Operating profit	208	(84)	124	77
Realised investment gains (losses), net of related change to amortisation of acquisition costs (note 11a)	(87)	87		
Short-term fluctuations in investment returns (per note 11b and schedule 12)		37	37	22
Amortisation of goodwill (note 11a)	(3)		(3)	(2)
Profit before tax before minority interest	118	40	158	97
Tax (charge) credit				
on operating profit (schedule 13)	(73)	30	(43)	(27)
on realised investment gains and losses	31	(31)		
on short-term fluctuations in investment returns		(13)	(13)	(7)
Total tax charge	(42)	(14)	(56)	(34)
Net income	76	26	102	63
Movements in shareholders' funds				
Net income (as shown above)	76	26	102	
Net movement in other comprehensive income	26	(26)	0	
Total movement in year	102	0	102	
Shareholders' funds at beginning of year	3,824		3,824	
Shareholders' funds at end of year	3,926	0	3,926	2,381

Notes

11a Adjustments for FAS133, FAS115, FAS142

UK GAAP results exclude the impact of profits and losses that are recognised under US GAAP as a result of the implementation of FAS133 on accounting for derivative instrument. Such gains and losses are not required to be recognised for UK GAAP purposes.

Under US GAAP, following FAS115, the fixed income securities of JNL are carried in the balance sheet at fair value. Movements in unrealised gains and losses are accounted for within Other Comprehensive Income. Under UK GAAP, subject to provisions for permanent diminution in value, these securities are carried in the balance sheet at amortised cost. The value movement under US GAAP is therefore not reported for UK GAAP purposes.

Amortisation of goodwill is normally no longer required under US GAAP following the implementation of FAS142. An adjustment is required to amortise goodwill under UK GAAP.

11b Longer-term investment returns

Consistent with the ABI SORP, investment returns included in the UK operating result are determined on a longer-term basis. These amounts are explained in Schedule 10. The difference between actual investment returns and longer-term returns is included within the profit and loss account as short-term fluctuations in investment returns. These are explained in Schedule 12.

11c Exchange rates

Average for Half Year 2003 applied to profit and loss account 1.61
Half Year end 2003 applied to shareholders' funds 1.65

2003 Unaudited Interim results**Statutory basis results**

Short-term fluctuations in investment returns	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
Long-term business			
Jackson National Life (note 12a)	22	(138)	(258)
Prudential Asia (note 12b)	40	(6)	62
UK and Europe Insurance Operations	10	(3)	2
Share of investment return of funds managed by PPM America, that are consolidated into Group results, but attributable to external investors	0	(1)	(5)
Other operations	-	(4)	(6)
Total	72	(152)	(205)

Notes**12a Jackson National Life**

Short-term fluctuations, net of related change to amortisation of acquisition costs, comprise actual investment return on investments less longer-term returns (net of related changes to amortisation of acquisition costs) as follows:

	Half Year ended 30 June		Full Year
	2003 £m	2002 £m	2002 £m
Actual less averaged realised gains and losses for fixed maturities (see Schedule 10)	17	(74)	(143)
Actual less longer-term return on equity based investments	4	(56)	(105)
Realised and unrealised gains on preference shares	1	(8)	(10)
	22	(138)	(258)

12b Prudential Asia

Short-term fluctuations for Prudential Asia primarily reflect bond value movements.

Date: 29 July 2003

Schedule 13

2003 Unaudited Interim results

Statutory basis results

Tax charge	Half Year ended 30 June 2003 £m	2002 £m	Full Year 2002 £m
<u>Tax charge on operating profit (note 13a)</u>			
Long-term business			
UK and European Insurance Operations	34	56	107
Jackson National Life (note 13b)	27	49	48
Prudential Asia (note 13c)	5	8	19
	<u>66</u>	<u>113</u>	<u>174</u>
Other operations	(14)	(23)	(52)
Total tax on operating profit	<u>52</u>	<u>90</u>	<u>122</u>
<u>Tax on items not included in operating profit</u>			
Tax on short-term fluctuations in investment returns	9	(51)	(91)
Tax on profit on sale of UK general business operations (after utilisation of available capital losses)	-	11	13
Total tax on items not included in operating profit	<u>9</u>	<u>(40)</u>	<u>(78)</u>
Tax on profit on ordinary activities (including tax on actual investment returns)	<u>61</u>	<u>50</u>	<u>44</u>

Notes

- 13a Tax on operating profit based on long-term investment returns.
- 13b Excluding tax charge on broker dealer and fund management result.
- 13c Including tax relief on development expenses.

2003 Unaudited Interim Results

Funds under management - summary	Half Year ended 30 June		Full Year
	2003 £bn	2002 £bn	2002 £bn
Business Area (Schedule 15)			
UK and Europe Operations	98.2	99.0	94.5
US Operations	31.4	30.6	30.3
Prudential Asia	6.3	5.4	5.7
Retained centrally	0.1	0.2	0.2
Internal insurance and investment funds under management (note 14a)	136.0	135.2	130.7
External funds	26.0	24.3	24.3
Total insurance and investment funds under management	162.0	159.5	155.0

Note

14a As included in the summarised consolidated balance sheet.

Date: 29 July 2003

Schedule 15

2003 Unaudited Interim results

Funds under management - analysis by business area

	Equities		Fixed Income Securities		Land and Buildings		Other Investments		Investments held to cover linked liabilities		Total	
	Half Year 2003 £bn	Full Year 2002 £bn	Half Year 2003 £bn	Full Year 2002 £bn	Half Year 2003 £bn	Full Year 2002 £bn	Half Year 2003 £bn	Full Year 2002 £bn	Half Year 2003 £bn	Full Year 2002 £bn	Half Year 2003 £bn	Full Year 2002 £bn
UK and Europe Operations	30.0	28.9	40.4	39.0	10.7	10.6	3.9	4.0	13.2	12.0	98.2	94.5
US Operations (note 15a)	0.1	0.2	22.8	21.0	0.0	0.1	5.3	6.3	3.2	2.7	31.4	30.3
Prudential Asia	1.0	0.9	3.5	3.2	0.1	0.1	0.7	0.6	1.0	0.9	6.3	5.7
Retained centrally	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.1	0.2
Group Total	31.1	30.0	66.7	63.2	10.8	10.8	10.0	11.1	17.4	15.6	136.0	130.7

Note

15a Subject to provisions for permanent diminution in value, the fixed income securities of US Operations are valued at amortised cost.

2003 Unaudited Interim results**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 year-end exchange rates. Foreign currency borrowings that have been used to finance or provide a hedge against Group equity investments in overseas subsidiaries are translated at year-end exchange rates. The impact of these currency translations is recorded as a component of the movement in shareholders' capital and reserves.

The following translation rates have been applied:

	Closing Half-year 2003	Average Half-year 2003	Closing Half-year 2002	Average Half-year 2002	Closing Year-end 2002	Average Year-end 2002
£ : local currency						
Hong Kong	12.9	12.6	11.9	11.3	12.6	11.7
Japan	198.1	191.3	182.7	187.1	191.0	187.8
Malaysia	6.27	6.12	5.79	5.49	6.12	5.71
Singapore	2.91	2.81	2.69	2.63	2.79	2.69
Taiwan	57.1	55.9	50.9	50.1	56.0	51.9
USA	1.65	1.61	1.52	1.44	1.61	1.50

2003 Unaudited Interim results

	Half Year ended 30 June 2003	Half Year ended 30 June 2002		Full Year 2002	
	As published	As published	Memorandum using Half Year 2003 exchange rates (note 17a)	As published	Memorandum using Half Year 2003 exchange rates (note 17a)
	£m	£m	£m	£m	£m
Foreign currency translation: Effect of rate movements on results					
Achieved Profits basis results					
US Operations					
New business	94	117	105	234	219
Business in force	41	(23)	(21)	17	16
Jackson National Life	135	94	84	251	235
Broker dealer and fund management	9	10	9	14	13
Total US Operations	144	104	93	265	248
Prudential Asia					
New business	123	135	119	307	288
Business in force	39	34	31	209	199
Total Prudential Asia (before development expenses)	162	169	150	516	487
Other Operations	91	270	270	352	352
Operating profit from continuing operations before amortisation of goodwill	397	543	513	1,133	1,087
Shareholders' funds	7,101	8,053	7,762	7,196	7,089

	Half Year ended 30 June 2003	Half Year ended 30 June 2002		Full Year 2002	
	As published	As published	Memorandum using Half Year 2003 exchange rates (note 17a)	As published	Memorandum using Half Year 2003 exchange rates (note 17a)
	£m	£m	£m	£m	£m
Statutory basis results					
US Operations					
Jackson National Life	77	140	125	139	130
Broker dealer and fund management	9	10	9	14	13
Total US Operations	86	150	134	153	143
Prudential Asia (before development expenses)	36	16	14	88	86
Other Operations	50	151	151	191	191
Operating profit from continuing operations before amortisation of goodwill	172	317	299	432	420
Shareholders' funds	3,667	4,108	3,890	3,668	3,596

Note

17a The memorandum results for Half Year 2002 and Full Year 2002 have been calculated by application of average half year 2003 exchange rates to operating profits and exchange rates at 30 June 2003 to shareholders' funds at the period ends.

PRUDENTIAL PLC - NEW BUSINESS - HALF YEAR 2003

TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US			Asia			Total		
	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
Total Insurance Products	2,301	3,041	(24%)	2,448	2,869	(15%)	391	407	(4%)	5,140	6,317	(19%)
Total Investment Products - Gross Inflows ⁽¹⁾	2,016	2,441	(17%)	-	-	-	8,363	6,669	25%	10,379	9,110	14%
Group Total	4,317	5,482	(21%)	2,448	2,869	(15%)	8,754	7,076	24%	15,519	15,427	1%

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽²⁾		
	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)	HY 2003	HY 2002	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations : ⁽¹¹⁾												
<i>Direct Distribution :</i>												
Individual Pensions	6	10	(40%)	5	7	(29%)	11	17	(35%)	6	8	(25%)
Corporate Pensions	248	294	(16%)	70	54	30%	318	348	(9%)	95	83	14%
Life	7	37	(81%)	2	2	0%	9	39	(77%)	3	6	(50%)
Individual Annuities	472	391	21%	-	-	-	472	391	21%	47	39	21%
Sub-Total	733	732	0%	77	63	22%	810	795	2%	150	136	10%
DWP Rebates	280	195	44%	-	-	-	280	195	44%	28	20	40%
Total	1,013	927	9%	77	63	22%	1,090	990	10%	178	156	14%
<i>Intermediated Distribution :</i>												
Individual Pensions	33	57	(42%)	13	18	(28%)	46	75	(39%)	16	24	(33%)
Corporate Pensions	23	52	(56%)	3	9	(67%)	26	61	(57%)	5	14	(64%)
Life	441	1,350	(67%)	17	8	113%	458	1,358	(66%)	61	143	(57%)
Individual Annuities	390	312	25%	-	-	-	390	312	25%	39	31	26%
Bulk Annuities	157	163	(4%)	-	-	-	157	163	(4%)	16	16	0%
Sub-Total	1,044	1,934	(46%)	33	35	(6%)	1,077	1,969	(45%)	137	228	(40%)
DWP Rebates	60	45	33%	-	-	-	60	45	33%	6	5	20%
Total	1,104	1,979	(44%)	33	35	(6%)	1,137	2,014	(44%)	143	233	(39%)
<i>Partnerships :</i>												
Life	41	-	-	-	-	-	41	-	-	4	-	-
Individual Annuities	4	-	-	-	-	-	4	-	-	1	-	-
Total	45	-	-	-	-	-	45	-	-	5	-	-
Total :												
Individual Pensions	39	67	(42%)	18	25	(28%)	57	92	(38%)	22	32	(31%)
Corporate Pensions	271	346	(22%)	73	63	16%	344	409	(16%)	100	98	2%
Life	489	1,387	(65%)	19	10	90%	508	1,397	(64%)	68	149	(54%)
Individual Annuities	866	703	23%	-	-	-	866	703	23%	87	70	24%
Bulk Annuities	157	163	(4%)	-	-	-	157	163	(4%)	16	16	0%
Sub-Total	1,822	2,666	(32%)	110	98	12%	1,932	2,764	(30%)	292	365	(20%)
DWP Rebates	340	240	42%	-	-	-	340	240	42%	34	24	42%
Total UK Insurance Operations	2,162	2,906	(26%)	110	98	12%	2,272	3,004	(24%)	326	389	(16%)
European Insurance Operations: ⁽⁴⁾												
Insurance Products	29	27	7%	-	10	-	29	37	(22%)	3	13	(77%)
Total European Insurance Operations	29	27	7%	-	10	-	29	37	(22%)	3	13	(77%)
Total UK & European Insurance Operations	2,191	2,933	(25%)	110	108	2%	2,301	3,041	(24%)	329	401	(18%)
US Insurance Operations: ⁽⁴⁾												
Fixed Annuities	953	1,053	(9%)	-	-	-	953	1,053	(9%)	95	105	(10%)
Equity Linked Indexed Annuities	112	129	(13%)	-	-	-	112	129	(13%)	11	13	(15%)
Variable Annuities	910	484	88%	-	-	-	910	484	88%	91	49	86%
Life	-	-	-	8	12	(33%)	8	12	(33%)	8	12	(33%)
Sub-Total Retail	1,975	1,666	19%	8	12	(33%)	1,983	1,678	18%	206	179	15%
Guaranteed Investment Contracts	186	282	(34%)	-	-	-	186	282	(34%)	19	28	(32%)
GIC - Medium Term Note	279	909	(69%)	-	-	-	279	909	(69%)	28	91	(69%)
Total US Insurance Operations	2,440	2,857	(15%)	8	12	(33%)	2,448	2,869	(15%)	252	298	(15%)
Asian Insurance Operations: ⁽⁴⁾												
Singapore	51	138	(63%)	26	21	24%	77	159	(52%)	31	35	(11%)
Hong Kong	76	44	73%	34	43	(21%)	110	87	26%	42	47	(11%)
Malaysia	6	7	(14%)	24	24	0%	30	31	(3%)	25	25	0%
Taiwan	9	9	0%	64	50	28%	73	59	24%	65	51	27%
Japan	5	5	0%	20	18	11%	25	23	9%	20	19	5%
Other ⁽³⁾	17	8	113%	59	40	48%	76	48	58%	61	40	53%
Total Asian Insurance Operations	164	211	(22%)	227	196	16%	391	407	(4%)	243	217	12%
Group Total	4,795	6,001	(20%)	345	316	9%	5,140	6,317	(19%)	824	916	(10%)

Notes to Schedules:

⁽¹⁾ Represents cash received from sale of investment products.

⁽²⁾ Annual Equivalents (AE), calculated as regular new business contributions + 10% single new business contributions, are subject to roundings.

⁽³⁾ In Asia, 'Other' insurance operations include Thailand, Indonesia, The Philippines, Vietnam, India (26% interest), China and Korea.

⁽⁴⁾ Sales for overseas operations have been calculated using average exchange rates. The applicable rate for Jackson National Life is 1.61 (2002 - 1.44).

⁽¹¹⁾ Reflecting the expanded investment business new business analysis on Schedule 19, certain investment fund mandates previously classified from UK Corporate Pensions sales are now reported as M&G institutional funds under management. 2002 UK insurance sales now reflect this change in presentation.

PRUDENTIAL PLC - NEW BUSINESS - HALF YEAR 2003

INVESTMENT OPERATIONS

	Opening FUM	Gross inflows	Redemptions	Net inflows	Other movements	Market & currency movements	Net movement in FUM	Closing FUM
2003								
M&G ⁽¹⁾								
M&G branded retail investment products	7,587	534	(401)	133	-	394	527	8,114
Prudential branded UK retail investment products ⁽⁶⁾	1,137	76	(79)	(3)	-	61	59	1,196
M&G institutional ⁽⁹⁾	11,560	1,406	(702)	704	-	757	1,461	13,021
Total M&G	20,284	2,016	(1,182)	834	-	1,212	2,047	22,331
Asia								
India	1,372	3,333	(3,084)	249	(16)	65	298	1,670
Taiwan	2,425	3,609	(3,520)	89	-	(24)	65	2,490
Korea	993	1,043	(1,083)	(40)	(13)	(6)	(59)	934
Other Mutual Fund Operations	306	339	(36)	303	-	18	321	627
Total Asian Mutual Fund Operations	5,096	8,324	(7,723)	601	(29)	53	625	5,721
Hong Kong MPF Products ⁽⁵⁾	136	39	(11)	27	-	2	29	165
Total Asian Investment Operations	5,232	8,363	(7,734)	628	(29)	55	654	5,886
Total Investment Products	25,516	10,379	(8,916)	1,462	(29)	1,267	2,701	28,217
2002								
M&G								
M&G branded retail investment products ⁽⁸⁾	8,890	609	(375)	234	(108)	(767)	(641)	8,249
Prudential branded UK retail investment products ⁽⁶⁾	1,546	71	(144)	(73)	-	(349)	(422)	1,124
M&G institutional ⁽⁹⁾	9,873	1,761	(438)	1,322	-	117	1,439	11,312
Total M&G	20,309	2,441	(957)	1,483	(108)	(999)	376	20,685
Asia								
India	1,072	1,611	(1,634)	(23)	(19)	(5)	(47)	1,025
Taiwan	2,076	4,888	(4,338)	550	-	(55)	495	2,571
Korea	-	-	-	-	-	-	-	-
Other Mutual Fund Operations	57	130	(2)	128	-	(1)	127	185
Total Asian Mutual Fund Operations	3,206	6,629	(5,974)	655	(19)	(61)	575	3,781
Hong Kong MPF Products ⁽⁵⁾	90	40	(6)	34	-	(7)	27	117
Total Asian Investment Operations	3,296	6,669	(5,980)	689	(19)	(68)	602	3,898
Total Investment Products	23,605	9,110	(6,937)	2,172	(127)	(1,067)	978	24,583
2003 movement relative to 2002								
M&G								
M&G branded retail investment products	(15%)	(12%)	(7%)	(43%)	-	151%	182%	(2%)
Prudential branded UK retail investment products ⁽⁶⁾	(26%)	7%	45%	96%	-	117%	114%	6%
M&G institutional ⁽⁹⁾	17%	(20%)	(60%)	(47%)	-	547%	2%	15%
Total M&G	(0%)	(17%)	(24%)	(44%)	-	221%	444%	8%
Asia								
India	28%	107%	(89%)	1183%	16%	1400%	734%	63%
Taiwan	17%	(26%)	19%	(84%)	-	56%	(87%)	(3%)
Korea	-	-	-	-	-	-	-	-
Other Mutual Fund Operations	437%	161%	(1700%)	137%	-	1900%	153%	239%
Total Asian Mutual Fund Operations	59%	26%	(29%)	(8%)	(53%)	187%	9%	51%
Hong Kong MPF Products ⁽⁵⁾	51%	(3%)	(83%)	(21%)	-	-	7%	41%
Total Asian Investment Operations	59%	25%	(29%)	(9%)	(53%)	181%	9%	51%
Total Investment Products	8%	14%	(29%)	(33%)	77%	219%	176%	15%

US BANKING PRODUCTS

	HY 2003 £m	HY 2002 £m	+/- (%)
US Banking Products ⁽⁷⁾			
Total Deposit Liabilities	650	668	(3%)
Retail Assets	705	685	3%

Notes to Schedules:

⁽⁵⁾ Mandatory Provident Fund product sales in Hong Kong are included at Prudential's 36% interest of the Hong Kong MPF operation.

⁽⁶⁾ Scottish Amicable and Prudential branded Investment Products.

⁽⁷⁾ Balance sheet figures have been calculated at closing exchange rates.

⁽⁸⁾ Balance restated to include M&G South Africa retail investment operations.

⁽⁹⁾ Balance includes segregated pensions fund business, private finance flows and M&G South Africa institutional business. M&G institutional funds under management restated during the quarter to include funds managed on behalf of the Prudential Staff Pension Scheme previously categorised as internal funds.

⁽¹¹⁾ Reflecting the expanded investment business new business analysis above, certain investment fund mandates previously classified from UK Corporate Pensions sales are now reported as M&G institutional funds under management. 2002 UK insurance sales now reflect this change in presentation.

PRUDENTIAL PLC - NEW BUSINESS - QUARTER 2 2003 VERSUS QUARTER 2 2002

INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽²⁾		
	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations : ⁽¹¹⁾												
<i>Direct Distribution :</i>												
Individual Pensions	3	5	(40%)	3	4	(25%)	6	9	(33%)	4	5	(20%)
Corporate Pensions	52	86	(40%)	46	31	48%	98	117	(16%)	51	39	31%
Life	3	20	(85%)	1	1	0%	4	21	(81%)	2	3	(33%)
Individual Annuities	201	201	0%	-	-	-	201	201	0%	20	20	0%
Sub-Total	259	312	(17%)	50	36	39%	309	348	(11%)	76	67	13%
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
Total	259	312	(17%)	50	36	39%	309	348	(11%)	76	68	12%
<i>Intermediated Distribution :</i>												
Individual Pensions	16	25	(36%)	7	9	(22%)	23	34	(32%)	8	12	(33%)
Corporate Pensions	11	32	(66%)	1	2	(50%)	12	34	(65%)	2	5	(60%)
Life	207	555	(63%)	9	4	125%	216	559	(61%)	30	59	(49%)
Individual Annuities	151	187	(19%)	-	-	-	151	187	(19%)	15	19	(21%)
Bulk Annuities	86	105	(18%)	-	-	-	86	105	(18%)	9	10	(10%)
Sub-Total	471	904	(48%)	17	15	13%	488	919	(47%)	64	105	(39%)
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
Total	471	904	(48%)	17	15	13%	488	919	(47%)	64	105	(39%)
<i>Partnerships :</i>												
Life	9	-	-	-	-	-	9	-	-	1	-	-
Individual Annuities	4	-	-	-	-	-	4	-	-	1	-	-
Total	13	-	-	-	-	-	13	-	-	2	-	-
Total :												
Individual Pensions	19	30	(37%)	10	13	(23%)	29	43	(33%)	12	16	(25%)
Corporate Pensions	63	118	(47%)	47	33	42%	110	151	(27%)	53	45	18%
Life	219	575	(62%)	10	5	100%	229	580	(61%)	32	63	(49%)
Individual Annuities	356	388	(8%)	-	-	-	356	388	(8%)	36	39	(8%)
Bulk Annuities	86	105	(18%)	-	-	-	86	105	(18%)	9	10	(10%)
Sub-Total	743	1,216	(39%)	67	51	31%	810	1,267	(36%)	141	173	(18%)
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
Total UK Insurance Operations	743	1,216	(39%)	67	51	31%	810	1,267	(36%)	141	173	(18%)
<i>European Insurance Operations: ⁽⁴⁾</i>												
Insurance Products	17	13	31%	-	5	-	17	18	(6%)	2	7	(71%)
Total European Insurance Operations	17	13	31%	-	5	-	17	18	(6%)	2	7	(71%)
Total UK & European Insurance Operations	760	1,229	(38%)	67	56	20%	827	1,285	(36%)	143	179	(20%)
<i>US Insurance Operations: ⁽¹⁰⁾</i>												
Fixed Annuities	421	625	(33%)	-	-	-	421	625	(33%)	42	62	(32%)
Equity Linked Indexed Annuities	68	72	(6%)	-	-	-	68	72	(6%)	7	7	0%
Variable Annuities	468	301	55%	-	-	-	468	301	55%	47	31	52%
Life	-	-	-	5	7	(29%)	5	7	(29%)	5	7	(29%)
Sub-total Retail	957	998	(4%)	5	7	(29%)	962	1,005	(4%)	101	107	(6%)
Guaranteed Investment Contracts	186	169	10%	-	-	-	186	169	10%	19	17	12%
GIC - Medium Term Note	279	384	(27%)	-	-	-	279	384	(27%)	28	38	(26%)
Total US Insurance Operations	1,422	1,551	(8%)	5	7	(29%)	1,427	1,558	(8%)	147	162	(9%)
<i>Asian Insurance Operations: ⁽⁴⁾</i>												
Singapore	22	86	(74%)	14	12	17%	36	98	(63%)	16	21	(24%)
Hong Kong	42	35	20%	20	23	(13%)	62	58	7%	25	26	(4%)
Malaysia	3	4	(25%)	11	13	(15%)	14	17	(18%)	12	14	(14%)
Taiwan	8	5	60%	17	27	(37%)	25	32	(22%)	18	28	(36%)
Japan	2	1	100%	8	9	(11%)	10	10	0%	8	10	(20%)
Other ⁽³⁾	10	3	233%	31	23	35%	41	26	58%	32	22	45%
Total Asian Insurance Operations	87	134	(35%)	101	107	(6%)	188	241	(22%)	110	121	(9%)
Group Total	2,269	2,914	(22%)	173	170	2%	2,442	3,084	(21%)	400	462	(13%)

INVESTMENT OPERATIONS

	M&G ⁽³⁾ & UK Operations			Asia Mutual Funds			Hong Kong MPF Products ⁽⁵⁾			Total Investment Products		
	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)	Q2 2003	Q2 2002	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
Opening FUM	20,677	21,040	(2%)	5,022	3,438	46%	151	111	36%	25,850	24,588	5%
Gross inflows	832	1,140	(27%)	4,552	3,481	31%	21	20	5%	5,405	4,640	16%
Less redemptions	(627)	(400)	(57%)	(3,853)	(2,946)	(31%)	(8)	(4)	(100%)	(4,488)	(3,350)	(34%)
Net flows	205	740	(72%)	699	535	31%	12	16	(25%)	916	1,290	(29%)
Other movements	(4)	-	-	(16)	-	-	-	-	-	(20)	-	-
Market and currency movements	1,452	(1,095)	233%	16	(191)	108%	2	(9)	-	1,470	(1,296)	213%
Net movement in FUM	1,653	(355)	566%	699	343	104%	14	7	100%	2,367	(6)	-
Closing FUM	22,331	20,685	8%	5,721	3,781	51%	165	117	41%	28,217	24,583	15%

Notes to Schedules:

⁽²⁾ Annual Equivalents (AE), calculated as regular new business contributions + 10% single new business contributions, are subject to roundings.

⁽³⁾ In Asia, 'Other' insurance operations include Thailand, Indonesia, The Philippines, Vietnam, India (26% interest), China and Korea.

⁽⁴⁾ Sales for overseas operations have been calculated using average exchange rates.

⁽⁵⁾ Mandatory Provident Fund product sales in Hong Kong are included at Prudential's 36% interest of the Hong Kong MPF operation.

⁽⁶⁾ Balance includes segregated pensions fund business, private finance flows and M&G South Africa institutional business. M&G institutional funds under management restated during the quarter to include funds managed on behalf of the Prudential Staff Pension Scheme previously categorised as internal funds.

⁽¹⁰⁾ Sales for overseas operations are converted to sterling 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.

⁽¹¹⁾ Reflecting the expanded investment business new business analysis on Schedule 19, certain investment fund mandates previously classified from UK Corporate Pensions sales are now reported as M&G institutional funds under management. 2002 UK insurance sales now reflect this change in presentation.

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INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents ⁽²⁾		
	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)
UK Insurance Operations : ⁽¹¹⁾												
<i>Direct Distribution :</i>												
Individual Pensions	3	3	0%	3	2	50%	6	5	20%	4	2	100%
Corporate Pensions	52	196	(73%)	46	24	92%	98	220	(55%)	51	44	16%
Life	3	4	(25%)	1	1	0%	4	5	(20%)	2	1	100%
Individual Annuities	201	271	(26%)	-	-	-	201	271	(26%)	20	27	(26%)
Sub-Total	259	474	(45%)	50	27	85%	309	501	(38%)	76	74	3%
DWP Rebates	-	280	-	-	-	-	-	280	-	-	28	-
Total	259	754	(66%)	50	27	85%	309	781	(60%)	76	102	(25%)
<i>Intermediated Distribution :</i>												
Individual Pensions	16	17	(6%)	7	6	17%	23	23	0%	8	8	0%
Corporate Pensions	11	12	(8%)	1	2	(50%)	12	14	(14%)	2	3	(33%)
Life	207	234	(12%)	9	8	13%	216	242	(11%)	30	31	(3%)
Individual Annuities	151	239	(37%)	-	-	-	151	239	(37%)	15	24	(38%)
Bulk Annuities	86	71	21%	-	-	-	86	71	21%	9	7	29%
Sub-Total	471	573	(18%)	17	16	6%	488	589	(17%)	64	73	(12%)
DWP Rebates	-	60	-	-	-	-	-	60	-	-	6	-
Total	471	633	(26%)	17	16	6%	488	649	(25%)	64	79	(19%)
<i>Partnerships :</i>												
Life	9	32	(72%)	-	-	-	9	32	(72%)	1	3	(67%)
Individual Annuities	4	-	-	-	-	-	4	-	-	1	-	-
Total	13	32	(59%)	-	-	-	13	32	(59%)	2	3	(33%)
Total :												
Individual Pensions	19	20	(5%)	10	8	25%	29	28	4%	12	10	20%
Corporate Pensions	63	208	(70%)	47	26	81%	110	234	(53%)	53	47	13%
Life	219	270	(19%)	10	9	11%	229	279	(18%)	32	36	(11%)
Individual Annuities	356	510	(30%)	-	-	-	356	510	(30%)	36	51	(29%)
Bulk Annuities	86	71	21%	-	-	-	86	71	21%	9	7	29%
Sub-Total	743	1,079	(31%)	67	43	56%	810	1,122	(28%)	141	151	(7%)
DWP Rebates	-	340	-	-	-	-	-	340	-	-	34	-
Total UK Insurance Operations	743	1,419	(48%)	67	43	56%	810	1,462	(45%)	141	185	(24%)
<i>European Insurance Operations: ⁽⁴⁾</i>												
Insurance Products	17	12	42%	-	-	-	17	12	42%	2	1	100%
Total European Insurance Operations	17	12	42%	-	-	-	17	12	42%	2	1	100%
Total UK & European Insurance Operations	760	1,431	(47%)	67	43	56%	827	1,474	(44%)	143	186	(23%)
<i>US Insurance Operations: ⁽¹⁰⁾</i>												
Fixed Annuities	421	532	(21%)	-	-	-	421	532	(21%)	42	53	(21%)
Equity Linked Indexed Annuities	68	44	55%	-	-	-	68	44	55%	7	4	75%
Variable Annuities	468	442	6%	-	-	-	468	442	6%	47	44	7%
Life	-	-	-	5	3	67%	5	3	67%	5	3	67%
Sub-total Retail	957	1,018	(6%)	5	3	67%	962	1,021	(6%)	101	105	(4%)
Guaranteed Investment Contracts	186	-	-	-	-	-	186	-	-	19	-	-
GIC - Medium Term Note	279	-	-	-	-	-	279	-	-	28	-	-
Total US Insurance Operations	1,422	1,018	40%	5	3	67%	1,427	1,021	40%	147	105	40%
<i>Asian Insurance Operations: ⁽⁴⁾</i>												
Singapore	22	29	(24%)	14	12	17%	36	41	(12%)	16	15	7%
Hong Kong	42	34	24%	20	14	43%	62	48	29%	25	17	47%
Malaysia	3	3	0%	11	13	(15%)	14	16	(13%)	12	13	(8%)
Taiwan	8	1	700%	17	47	(64%)	25	48	(48%)	18	47	(62%)
Japan	2	3	(33%)	8	12	(33%)	10	15	(33%)	8	12	(33%)
Other ⁽³⁾	10	7	43%	31	28	11%	41	35	17%	32	29	10%
Total Asian Insurance Operations	87	77	13%	101	126	(20%)	188	203	(7%)	110	133	(17%)
Group Total	2,269	2,526	(10%)	173	172	1%	2,442	2,698	(9%)	400	424	(6%)

INVESTMENT OPERATIONS

	M&G ⁽³⁾ & UK Operations			Asia Mutual Funds			Hong Kong MPF Products ⁽³⁾			Total Investment Products		
	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)	Q2 2003 £m	Q1 2003 £m	+/- (%)
Opening FUM	20,677	20,284	2%	5,022	5,096	(1%)	151	136	11%	25,850	25,516	1%
Gross inflows	832	1,184	(30%)	4,552	3,772	21%	21	18	17%	5,405	4,974	9%
Less redemptions	(627)	(555)	(13%)	(3,853)	(3,870)	0%	(8)	(3)	(167%)	(4,488)	(4,428)	(1%)
Net flows	205	629	(67%)	699	(98)	813%	12	15	(20%)	916	546	68%
Other movements	(4)	4	(200%)	(16)	(13)	(23%)	-	-	-	(20)	(9)	(122%)
Market and currency movements	1,452	(240)	705%	16	37	(57%)	2	-	-	1,470	(203)	824%
Net movement in FUM	1,653	394	320%	699	(74)	1045%	14	15	(7%)	2,367	334	609%
Closing FUM	22,331	20,677	8%	5,721	5,022	14%	165	151	9%	28,217	25,850	9%

Notes to Schedules:

⁽²⁾ Annual Equivalents (AE), calculated as regular new business contributions + 10% single new business contributions, are subject to roundings.

⁽³⁾ In Asia, 'Other' insurance operations include Thailand, Indonesia, The Philippines, Vietnam, India (26% interest), China and Korea.

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