PRUDENTIAL PLC
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of August, 2011

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

LAURENCE POUNTNEY HILL,
LONDON, EC4R 0HH, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover Form 20-F or Form 40-F.

Form 20-F X Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No X

If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82-

Enclosures:Half Yearly Report 2011 - Part 1 - Business Review

NEWS RELEASE

PRUDENTIAL PLC
GROUP

COMMUNICATIONS

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5 August 2011

PRUDENTIAL PLC HALF YEAR 2011 RESULTS

CONTINUED PROFITABLE GROWTH AND CASH GENERATION

New Business1:

- Total APE sales of £1,824 million, up 10 per cent
- EEV new business profit margin (% APE) of 59 per cent
- EEV new business profit of £1,069 million, up 20 per cent
- Investment in new business of £297 million (2010: £337 million)

IFRS:

- Operating profit of £1,058 million, up 25 per cent
- Shareholders' funds of £8.5 billion, up 19 per cent (2010: £7.2 billion)

Embedded Value:

- Operating profit of £2,147 million, up 28 per cent
- Shareholders' funds of £19.0 billion, up 14 per cent, equivalent to 745 pence per share

Capital & Dividend:

- Insurance Groups Directive ('IGD') capital surplus estimated at £4.1 billion2
- Underlying free surplus generation up 15 per cent to £1,093 million (2010: £947 million)
- 2011 interim dividend increased by 20 per cent to 7.95 pence per share (2010: 6.61 pence per share), reflecting the upwards rebasing of the dividend at full year 2010

Commenting on the results, Tidjane Thiam, Group Chief Executive, said:

"We have reported another good performance in the first half of 2011. Against the challenging comparator of 2010, we have increased new business profit and IFRS and EEV operating profits by 20 per cent or more. The Group continues to generate growing amounts of underlying free surplus, up 15 per cent versus the same period last year. For the first time, both our IFRS operating profit and our EEV new business profit have exceeded £1 billion for the first six months of the year. These results have been achieved from a position of financial strength; the Group has a resilient balance sheet, with an IGD capital surplus of £4.1 billion at the half year.

"We have continued to concentrate on the fast growing and highly profitable markets of South-East Asia, and the positive momentum of 2010 has been maintained during the first half of this year, with new business profit up 17 per cent in Asia and 22 per cent in Asia ex-India. In the US, Jackson is now one of the leading providers of variable annuities in the world's largest retirement market, and we continue to balance sales growth with increasing cash generation and profitability. Our UK business is performing in line with our strategy, balancing writing new business with generating cash and preserving capital. In asset management, both M&G and our business in Asia are seeing IFRS profit grow in addition to rising funds under management.

"Our operating principle of putting value over volume, our focus on execution and the investment options the Group's structure and geographic footprint provides, have allowed us to continue to deliver value to shareholders. We expect to see continued, profitable and cash generative growth in the second half of 2011. We remain on course to deliver the 2013 profit growth and cash generation objectives we outlined at our investor day last year."

1 Asia 2010 comparative APE new business sales and new business profit exclude the Japanese insurance operations which ceased writing new business from 15 February 2010.

2 Before allowing for the interim dividend.

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Notes to Editors:

1. The results in this announcement are prepared on two bases: International Financial Reporting Standards ('IFRS') and European Embedded Value ('EEV'). The IFRS basis results form the basis of the Group's statutory financial statements. The supplementary EEV basis results have been prepared in accordance with the European Embedded Value principles issued by the CFO Forum of European Insurance Companies in May 2004. Where appropriate the EEV basis results include the effects of IFRS. Period on period percentage increases are stated on an actual exchange rate basis.

2. Annual premium equivalent (APE) sales comprise regular premium sales plus one-tenth of single premium insurance sales.

3. Operating profits are determined on the basis of including longer-term investment returns. EEV and IFRS operating profits are stated after excluding the effect of short-term fluctuations in investment returns against long-term assumptions and the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes. The operating profit based on longer-term investment returns for 2010 also excludes costs associated with the terminated AIA transaction and the gain arising upon the dilution of the Group's holding in PruHealth. In addition for EEV basis results, operating profit based on longer-term investment returns excludes the effect of

changes in economic assumptions and the mark to market value movement on core borrowings.

4. In the second half of 2010 the Company amended its presentation of IFRS operating profit for its US insurance operations to exclude the net equity hedge accounting effect relating principally to its variable annuity business and reclassified it as a short-term fluctuation. Half year 2010 comparatives have been amended to exclude a positive £123 million effect from operating profit before tax. This is a presentational change and it has no impact on the IFRS profit before tax or the IFRS shareholders' funds. The change also has no impact on our EEV financial statements.

5. There will be a conference call today for media at 09.00am GMT+1/BST hosted by Tidjane Thiam, Group Chief Executive. Dial-in telephone number: +44 (0)20 3140 0668. Passcode: 480568#.

6. A presentation to analysts will be webcast live at 11.00am GMT+1/BST from the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. This can be viewed live, and as a replay, on the corporate website via the link below:

http://www.prudential.co.uk/prudential-plc/investors/resultspresentations/resultsday/

Alternatively, a dial-in facility will be available to listen to the presentation: Please allow time ahead of the presentation to join the call (lines open half an hour before the presentation is due to start, i.e. from 10.30am GMT+1/BST). Dial-in: +44 (0)20 8817 9301. Playback: +44 (0)20 7769 6425, Passcode: 5277888#. This will be available from approximately 2.00pm GMT+1/BST on 5 August 2011 until 11.59pm GMT+1/BST on 12 August 2011.

A copy of this announcement can be found at www.prudential.co.uk/prudential-plc/media

7. High resolution photographs are available to the media free of charge at http://www.prudential.co.uk/prudential-plc/media/media_library

8. Total number of Prudential plc shares in issue as at 30 June 2011 was 2,547,717,375.

9. Financial Calendar 2011:

Third Quarter 2011 Interim Management Statement	8 November 2011
Investor Conference	15-17 November 2011
2011 Interim Dividend	
Ex-dividend date	17 August 2011 (UK, Irish and Singapore shareholders) 18 August 2011 (Hong Kong shareholders)
Record date	19 August 2011
Payment of dividend	22 September 2011 (UK, Irish and Hong Kong shareholders) On or about 29 September 2011 (Singapore shareholders)

10. About Prudential plc

Prudential plc is a company incorporated and with its principal place of business in England, and its affiliated companies constitute one of the world's leading financial services groups. It provides insurance and financial services through its subsidiaries and affiliates throughout the world. It has been in existence for over 160 years and has £349.5 billion in assets under management (as at 30 June 2011). Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America.

11. Forward-Looking Statements

This statement may contain certain "forward-looking statements" with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives related to the financial crisis and the effect of the European Union's "Solvency II" requirements on Prudential's capital maintenance requirements; the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of changes in capital, solvency standards or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal actions and disputes. These and other important factors may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the heading "Risk factors" in Prudential's most recent Annual Report and in Item 3 "Risk Factors" of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Prudential's most recent Annual Report and Form 20-F are available on its website at www.prudential.co.uk.

Any forward-looking statements contained in this statement are made only as of the date hereof. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise except as required pursuant to the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, the Hong Kong Listing Rules or the SGX-ST listing rules.

GROUP CHIEF EXECUTIVE'S REPORT

I am pleased to report a strong performance in the first half of 2011. We have continued to grow profitability across our business units, implementing with discipline our strategy of focusing on high growth and high margin markets. EEV new business profit of £1,069 million in the first half is 20 per cent higher than the same period last year (2010: £892 million1).

The Group's strategy continues to deliver higher sales and higher profits while consuming less capital in absolute terms. In the first half of 2011, new business profit increased 20 per cent while investment in new business reduced by 12 per cent compared to the first half of 2010. Since the first half of 2008, new business profit has increased 90 per cent while investment in new business has fallen 12 per cent over the same period.

We continue to deliver high returns on capital invested for our shareholders and remain on course to meet the 2013 financial objectives outlined at our investor day in December 2010, which was headlined 'Growth and Cash'. These objectives - centred on new business profit and IFRS profit growth for Asia, and cash remittances for Asia, the US and the UK - reflect our confidence in the potential of our chosen markets and in our strategy.

Group performance

APE sales were up 10 per cent in life insurance in the first half of 2011 to £1,824 million (2010: £1,655 million1) and new business profit exceeded £1 billion in the first half for the first time. It has increased by 20 per cent to £1,069 million (2010: £892 million1) as our new business margins increased to 59 per cent (2010: 54 per cent).

On the statutory IFRS basis, our operating profit before tax from continuing operations increased by 25 per cent in the first half of 2011 to £1,058 million (2010: £845 million). This has also exceeded £1 billion in the first half for the first time. IFRS shareholders' funds increased in the first half of 2011 to £8.5 billion, up six per cent compared to £8.0 billion as at 31 December 2010 and 19 per cent in the same period in 2010 (£7.2 billion).

On the EEV basis, Group operating profit before tax increased by 28 per cent in the first half of 2011 to £2,147 million (2010: £1,677 million).

Our total investment in new business in the first half of 2011 was £297 million (2010: £337 million1), a reduction of 12 per cent. Our focus on capital allocation has allowed us to deliver higher profits - new business profit is up 20 per cent with less capital used.

In line with our strategy, asset management's contribution to profits continues to grow, underpinned by strong inflows. In the first half of 2011, it contributed £259 million, up 34 per cent (2010: £194 million). Net inflows in our asset management businesses were £3.3 billion (2010: £4.4 billion). After two years of very high net sales at M&G, as expected, net fund flows have slowed as we had previously indicated.

Since 2008, we have been using free surplus as the primary indicator of our ability to generate cash and capital. In the first half of 2011, free surplus increased seven per cent to £3.6 billion, up from £3.3 billion at the end of 2010 (30 June 2010: £3.2 billion).

As these results show, we have continued to deliver strong growth on our three key metrics of EEV, IFRS and cash simultaneously, which gives us a unique position among insurance companies.

1 Excludes Japan, which ceased writing new business in 2010.

Our operating performance by business unit

We have maintained our focus on our customers across all our businesses, marketing a suite of products that deliver good value. We work to design products that meet our customers' needs and are profitable for our shareholders.

Prudential Corporation Asia

In line with our strategy, we have continued to prioritise our investment in the fast growing and highly profitable markets of South-East Asia - Indonesia, Malaysia, Vietnam, Philippines, Thailand - and of Hong Kong and Singapore. The positive momentum of 2010 has continued into the first half of this year. The key markets of Indonesia, Singapore, Hong Kong and Malaysia all reported strong double-digit growth in the first half. Indonesia, with more than 100,000 agents, was for the first time our largest business in Asia in terms of sales. Our strategy in the region allows us to grow profitability and generate cash at the same time. Cash remittances to the Group from the region are positive and growing.

As previously highlighted, the market in India has been challenging since Q4 2010. However we believe that we will begin to see the first signs of improvement by the end of 2011 as we are able to train our extensive agency force to sell a new product suite. We remain confident about the long-term prospects in India.

Overall, we remain on track to meet our 2013 objectives to double our 2009 new business and IFRS profits.

Distribution, as ever, remains critical to our business in Asia; our unique combination of proprietary agency distribution and bank partnerships continues to deliver excellent results. Agency will remain the dominant and most profitable channel in Asia for many years to come. We believe that Prudential's agency distribution platform compares favourably to those of our peer group, whether in terms of scale, training or productivity. In parallel to our agency force, we will continue developing our presence in the bancassurance channel where we have been enjoying growing success in a number of markets, particularly Hong Kong, Indonesia and Singapore. The bancassurance channel now represents 30 per cent of total APE (excluding India) across the region.

Jackson National Life
In the US, we have maintained our focus on value over sales volume growth; ensuring sales are delivered at highly profitable margins. We have maintained our pricing discipline and have been consistent in our approach of not chasing market share for its own sake. Strong growth has been achieved while preserving at all times our financial discipline.

We continue to benefit from a competitive environment which favours companies with strong financial ratings and a relatively consistent product set. Jackson has also benefited from its relationships with the independent broker dealer network. Jackson's success has allowed it to make a remittance of £320 million to Group in the first half of 2011. This is the most tangible evidence that the strategy we have been following at Jackson is working well as the progress made has translated into profits and more importantly, over time, into cash.

We had expected that, at this point in the variable annuity cycle, increased competition would progressively dampen our growth and/or reduce the extremely high margins we have been capturing. This has not happened yet. On the contrary, the strength of our competitive position has allowed us to continue to take proactive steps to optimise the balance between growth, capital and profitability at Jackson. We expect the impact of these initiatives to become visible towards the end of 2011.

Prudential UK
Our business in the UK is focused and streamlined. Therefore, it generates differentiated returns relative to the market. We continue to be a market leader in both individual annuities and with-profits. The strength of the with-profits fund underpins our ongoing ability to deliver strong IFRS profits and cash. We have continued to balance the writing of new business with the generation of cash and capital, successfully delivering attractive returns on capital employed.

Our emphasis on value and returns saw the UK business continue to prioritise the retail market, while very selectively participating in the wholesale market. Wholesale market opportunities have only been pursued when they meet our strict financial criteria and deliver an appropriate return on the capital invested both in terms of quantum but also, and equally important, of payback period.

Asset management
Our asset management businesses have increased their contribution to our profits and to our cash generation, reflecting their high capital efficiency and their 'cash rich' nature. This is in addition to the value they generate for the Group by achieving attractive returns on the funds they manage on behalf of our customers.

M&G continues to focus on achieving superior investment performance over the longer term for its customers. Building on its track record of success in the retail investment market, M&G is expanding in Europe. It has continued to deliver strong sales in the first half of 2011 after two exceptional years. M&G's retail business in the UK has been number one for gross and net retail sales over 10 consecutive quarters. Importantly, we have been able to grow not only assets but also IFRS profits.

In Asia, our asset management business had a strong first half. Funds under management continue to grow, primarily driven by internal funds during the first half. Net inflows remain volatile, in part driven by the tragic events that affected Japan earlier this year. IFRS profit continues to grow strongly.

The priorities for our asset management business in Asia are: (i) to develop institutional relationships, securing pan-Asia discretionary mandates; (ii) to increase our focus on Japan and China, as the region's largest and fastest growing markets respectively; and, finally, (iii) to grow our offshore funds business.

Capital and risk management

A strong capital position and balance sheet are at the heart of our strategy and are key buying factors for our customers, who have a long-term relationship with us in all our key markets. That strength gives confidence to our customers that we will be there to serve them in the long-term, and allows us to grow strongly and write large amounts of new business without putting our customers at risk. Strict and proactive management and allocation of capital remain a core focus for our Group.

Using the regulatory measure of the Insurance Groups Directive (IGD) before allowing for the interim dividend, our Group capital surplus at 30 June 2011 was estimated at £4.1 billion (30 June 2010: £3.4 billion; 31 December 2010: £4.3 billion1). The Group's required capital is covered 2.9 times. This ratio means we continue to be very strongly capitalised.

Dividend

In view of the progress that the Group had made in improving IFRS operating profitability and free surplus generation, the Board decided to rebase the 2010 full-year dividend upwards by 4 pence per share, equivalent to an increase of 20 per cent. This increase was reflected in full in the 2010 final dividend. As in previous years the interim dividend has been calculated formulaically as one third of the prior year's full year dividend. Therefore, the Board has approved an interim dividend of 7.95 pence per share, which translates into an increase of 20 per cent. The Group's dividend policy, which is to grow the dividend at a sustainable rate from the new higher base established at year end 2010, remains unchanged.

Outlook

Our strong first-half performance is evidence that we have continued to optimise the opportunities available to us for profitable growth. Our financial strength and focus on cash and capital underpin our financial performance. We remain on course to deliver our 2013 objectives both in terms of profit growth and cash generation.

There are clear macroeconomic concerns today in the Western world. The issues around sovereign debt, both in the USA and in the Eurozone, as well as the associated fiscal difficulties, mean that we remain cautious about the outlook in these regions. While these issues may have some temporary adverse effects across the globe, we continue to believe that our substantial presence in growing and developing markets across Asia put us in a position to continue to deliver relative outperformance in the medium term.

1 Before allowing for the final dividend.

Financial highlights

Life APE new business sales, profits and investment in new business

	Half year 2011			Half year 2010			Change		
	Sales	NBP(a)	Free surplus invested in new	Sales	NBP(a)	Free surplus invested in new	Sales change	NBP change	Free surplus invest-ment change

			business			business			
	£m	£m	£m	£m	£m	£m	%	%	%
Asia(b)	743	465	129	713	396	123	4	17	5
US	672	458	135	560	361	179	20	27	(25)
UK	409	146	33	382	135	35	7	8	(6)
Total Group	1,824	1,069	297	1,655	892	337	10	20	(12)

(a) New Business Profit (NBP)
(b) Asia amounts exclude Japan, which ceased writing new business in 2010.

New business profit (NBP) margin, IRRs and payback periods

	Half year 2011			Half year 2010		
	NBP margin	IRR(c)	Payback period	NBP margin	IRR(c)	Payback period
	%	%	(years)	%	%	(years)
Asia(b)	63	>20	4	56	>20	3
US	68	>20	2	64	>20	2
UK	36	>20	5	35	>15	5
Total Group	59	>20	3	54	>20	3

(b) Asia amounts exclude Japan, which ceased writing new business in 2010.
(c) IRR = Internal Rate of Return

Shareholder-backed policyholder liabilities and net liability flows

	Half year 2011 Shareholder-backed		Half year 2010 Shareholder-backed		Change Shareholder-backed	
	Policyholder liabilities	Net liability flows(d)	Policyholder liabilities	Net liability flows(d)	Policyholder liabilities	Net liability flows
	£m	£m	£m	£m	%	%
Asia	18,712	803	15,370	712	22	13
US	64,707	4,216	55,253	3,471	17	21
UK	45,157	(5)	40,550	48	11	(110)
Total Group	128,576	5,014	111,173	4,231	16	19

(d) Defined as movements in shareholder-backed policyholder liabilities arising from premiums, surrenders, maturities and deaths.

Asset management net inflows and profitability

	Net in-flows			IFRS operating profit			External funds under management		
	HY 2011	HY 2010	Change	HY 2011	HY 2010	Change	HY 2011	HY 2010	Change
	£m	£m	%	£m	£m	%	£m	£m	%
M&G	2,922	4,674	(37)	199	143	39	93,350	75,670	23
Total asset management	3,293	4,376	(25)	259	194	34	115,216	96,015	20
Total asset management (ex MMF)(e)	2,910	6,001	(52)						

(e) Excludes Asia Money Market Fund (MMF) net flows of positive £383 million (2010: negative £1,625 million).

Operating profit based on longer-term investment returns - IFRS

	Half year 2011		Half year 2010		Change	
	Long-term	Total	Long-term	Total	Long-term	Total
	£m	£m	£m	£m	%	%
Asia	326	369	262	298	24	24
US(f)	368	385	327	342	13	13
UK	332	552	307	473	8	17
Other income and expenditure (g)	(2)	(248)	(3)	(268)	33	7
Total Group	1,024	1,058	893	845	15	25

(f) In the second half of 2010 the Company amended the presentation of IFRS operating profit for its US insurance operations to remove the net equity hedge accounting effect (incorporating related amortisation of deferred acquisition costs) and include it in short-term fluctuations. Accordingly, the half year 2010 operating profit has been amended to remove the positive £123 million effect.
(g) Including Solvency II implementation costs, restructuring costs, Asia development costs, Asia Regional Head Office costs and in 2011 the impact of the RPI to CPI inflation measure change for defined benefit pension schemes.

Operating profit based on longer-term investment returns - EEV

	Half year 2011		Half year 2010		Change	
	Long-term	Total	Long-term	Total	Long-term	Total
	£m	£m	£m	£m	%	%
Asia	774	817	636	672	22	22
US	831	848	667	682	25	24
UK	537	757	449	615	20	23
Other income and expenditure (h)	(2)	(275)	(3)	(292)	33	6
Total Group	2,140	2,147	1,749	1,677	22	28

(h) Including Solvency II implementation costs, restructuring costs, Asia development costs, Asia Regional Head Office costs, and in 2011 the impact of the RPI to CPI inflation measure charge for defined benefit pension schemes.

Basic earnings per share - based on operating profit after tax and non-controlling interests

	Half year 2011	Half year 2010	Change%
IFRS	32.2 p	25.4 p	27
EEV	61.5 p	48.0 p	28

Balance sheet, cash and capital

	Half year 2011	Half year 2010	Change%
Dividend per share relating to the reporting period	7.95 p	6.61 p	20
Underlying free surplus generated(i)	£1,093m	£947m	15
IGD capital surplus before final dividend(j)	£4.1bn	£3.4bn	21

(i) Underlying free surplus comprises underlying free surplus generated from in-force business less investment in new business.
(j) Estimated.

Group shareholders' funds (including goodwill attributable to shareholders)

	Half year 2011	Half year 2010	Change

	£	£	%
IFRS	£8.5bn	£7.2bn	19
EEV	£19.0bn	£16.7bn	14

	Half year 2011	Half year 2010
	%	%
Return on IFRS shareholders' funds(k)	20	20
Return on embedded value (l)	17	16

(k) Annualised IFRS operating profit after tax and non-controlling interests as percentage of opening IFRS shareholders' funds. Half year profits are annualised by multiplying by two.
(l) Annualised EEV operating profit after tax and non-controlling interests as percentage of opening EEV shareholders' funds. Half year profits are annualised by multiplying by two.

	Half year 2011	Half year 2010	Change%
EEV shareholders' funds per share (including goodwill attributable to shareholders)	745 p	657 p	13
EEV shareholders' funds per share (excluding goodwill attributable to shareholders)	688 p	599 p	15

CHIEF FINANCIAL OFFICER'S OVERVIEW

Prudential has delivered another strong performance in the first six months of 2011 with excellent contributions from all of our businesses, across all of our key financial metrics. EEV new business profit ('new business profit') was up 20 per cent to £1,069 million (2010: £892 million1) and IFRS operating profit based on longer-term investment returns ('IFRS operating profit') increased 25 per cent to £1,058 million (2010: £845 million). Net underlying free surplus generation in the period also improved by 15 per cent to £1,093 million (2010: £947 million). Prudential's ability to deliver on all of these metrics is testament to the quality of our businesses our focus on prioritising value over volume and to our proactive management and allocation of capital.

Growth and profitability
In life insurance, APE sales in the first half of 2011 were up 10 per cent to £1,824 million (2010: £1,655 million1) and new business profit has increased by 20 per cent to £ 1,069 million (2010: £892 million1) as our new business margins reached 59 per cent (2010: 54 per cent1).

In the first half of 2011, Asia produced APE sales of £743 million (2010: £713 million1) and new business profit of £465 million (2010: £396 million1), up four per cent and 17 per cent respectively on the prior period. If we exclude India, a market which is undergoing significant change following regulatory developments in the second half of 2010, then APE sales and new business profit were up 17 per cent and 22 per cent respectively.

Jackson delivered APE sales of £672 million (2010: £560 million) and new business profit of £458 million (2010: £361 million), up 20 per cent and 27 per cent respectively on the prior period. The new business margin in the US increased from 64 per cent to 68 per cent in 2011, with Jackson continuing to capitalise on the weakened competitive environment in the US life insurance market. This margin improvement was driven by our continued focus on variable annuities where APE sales grew by 32 per cent to £589 million (2010: £447 million). Jackson remains a top three player in variable annuities, however, consistent with our value over volume philosophy, we do not target market share or sales volume and will continue to be opportunist in that market, aiming to maximise profits.

In the UK, we delivered total APE sales of £409 million (2010: £382 million) and new business profit of £146 million (2010: £135 million), up seven per cent and eight per cent respectively. We continue to prioritise the retail market while participating selectively in the wholesale market when returns meet our financial criteria. In the first half of 2011, we have written one bulk annuity contract that generated £28 million of APE and £24 million of new business profit. At a retail level, we delivered APE sales of £381 million (2010: £381 million) and new business profit of £123 million (2010: £134 million) at a margin of 32 per cent (2010: 35 per cent). The decline in retail margin is due to lower volumes of high margin individual annuities following the end of a partnership agreement and the effects of the change in the minimum retirement age from 50 to 55 in April 2010, which resulted in a temporary increase in sales last year, producing a particularly high 2010 comparative.

Across our life insurance businesses we grew our shareholder-backed policyholder liabilities by £6.4 billion in the first half of 2011 to £128.6 billion. This increase was driven by £5.0 billion of net inflows with the balance coming from foreign exchange and investment related and other movements.

In asset management, we have delivered £3.3 billion of net inflows over the first half of 2011 (2010: £4.4 billion). At the end of the first half, our total funds under management totalled £349.5 billion, of which £115.2 billion are external assets. M&G is the driver of our inflows in asset management, producing £2.9 billion (2010: £4.7 billion) of net flows in the period (£2.8 billion retail, £0.1 billion institutional), an excellent result. M&G's track record in generating positive net inflows is particularly notable, ranking number 1 in the UK retail market for the last ten consecutive quarters based on data to the end of March 20112. At 30 June 2011 it had external funds under management of £93.4 billion, five per cent higher than at the beginning of the year. External funds comprise £45.6 billion (2010: £33.7 billion) of retail and £47.8 billion (2010: £41.9 billion) of institutional assets. Adding these funds to internal amounts, M&G's total funds under management were £203 billion. Asia asset management reported broadly neutral retail and institutional flows in the first half of 2011 (2010: inflows of £1.3 billion), despite the outflows experienced following the natural disaster in Japan earlier this year. At the end of the first half of 2011, Asia asset management had £52.5 billion of funds under management, of which £21.9 billion are external assets.

In terms of profitability, we have successfully built on our momentum of the last few years and delivered a robust level of growth, with Group IFRS operating profit up 25 per cent to £1,058 million (2010: £845 million) and Group EEV operating profit based on longer-term investment returns ('EEV operating profit') up 28 per cent to £2,147 million (2010: £1,677 million) equivalent to an annualised return on embedded value of 17 per cent (2010: 16 per cent).

In Asia, long-term business IFRS operating profit in the first half of 2011 was up 24 per cent to £326 million (2010: £262 million). This result benefited notably from strong performances in Indonesia, Malaysia and Singapore. The ongoing build-out of distribution across South-East Asia, the success of our health and protection rider strategy, and the underlying strength of the economies in which we operate should drive continuing growth in Asia IFRS operating profit going forward. Asia's long-term EEV operating profit, a measure of the economic value creation in the year, grew by 22 per cent in the first half of 2011 to £774 million (2010: £636 million) further underlining the creation of sustainable value by these operations.

1 Excludes Japan which ceased writing new business in 2010.
2 Fundscape Pridham Report

In the US, long-term business IFRS operating profit was up 13 per cent in the first half of 2011 to £368 million (2010: £327 million). Jackson's growth in the variable annuity market is a key driver behind this improved profitability as separate account balances at 30 June 2011 of £36 billion (2010: £24 billion) were 50 per cent higher than the equivalent point in 2010 and 15 per cent higher than 31 December 2010 (£31 billion). The majority of asset growth since 31 December has come from £3.9 billion of net inflows in the period (2010: £2.8 billion). Jackson's general account has also contributed to the growth in IFRS profits during the period. The general account closed the period with policyholder liabilities of £29 billion and the average spread margin that we earned on these liabilities increased from 235 bps in half year 2010 to 262 bps in half year 2011. This included a £53 million benefit from transactions undertaken to more closely match the overall asset and liability duration (2010: £44 million). These actions also had the effect of improving the half year 2011 EEV operating profit by 25 per cent to £831 million (2010: £667 million).

In the UK long-term business IFRS operating profit was up by eight per cent from £307 million in half year 2010 to £332 million in half year 2011. This result benefited from a £18 million contribution from a bulk annuity contract. Our UK business continues to focus on the sustained delivery of IFRS profits. The strength of the with-profits fund, which currently has a surplus estate of £6.9 billion, provides a secure platform to support future IFRS profits and cash generation. At 20 per cent, growth in EEV operating earnings to £537 million (2010: £449 million) was in line with our strategy of optimising value from both new and existing business.

In asset management IFRS operating profit was up 34 per cent to £259 million compared to £194 million in half year 2010. M&G (including PruCap) had a strong first half benefiting from high inflows and rising markets, which drove operating profits higher by 39 per cent to £199 million (2010: £143 million). This increase results from the combination of higher revenues with increased operational leverage inherent within the business, which led to a lower cost-income ratio of 55 per cent (2010: 60 per cent). Asia asset management produced IFRS operating profit of £43 million, up 19 per cent on the prior period (2010: £36 million), benefiting from rising markets and disciplined management of costs with a cost-income ratio of 59 per cent (2010: 62 per cent).

Capital generation

Our strategy of deploying our capital to those products and geographies with the most attractive profitability characteristics has, over the past three years, transformed the capital position of our business. Across the Group, we continue to produce very significant amounts of free capital, which we measure as free surplus generated. Our first priority for the use of this capital is reinvestment in new business as we can achieve attractive IRRs and rapid paybacks on this investment. However, thanks to the scale and efficiency of our businesses, we have been able to produce significant amounts of free surplus over and above that which we can reinvest in new business. This excess free surplus generation is being used to continue to strengthen our balance sheet at a time when significant uncertainties exist in the world economy and to provide cash returns to our shareholders.

In the first half of 2011, we generated £1,390 million of underlying free surplus from our life in-force and asset management businesses, up eight per cent from £1,286 million in the first half of 2010. We reinvested £297 million of the free surplus generated in the period into writing new business. Asia is the priority destination when it comes to reinvesting our capital and Prudential Corporation Asia (PCA)'s growth is not constrained by the supply of capital from the Group. In the US, we invest in an opportunistic manner reflecting the market and competitive environment at the time. In the UK, we take a selective approach and focus only on lines of business where we believe we have both the scale and expertise to compete successfully. In asset management, our businesses require minimal capital to fund growth. Thus, the split of the investment in new business in the first half of 2011 was £129 million into Asia, £135 million into the US and £33 million into the UK. The IRRs on this invested capital were more than 20 per cent in Asia, the US and the UK; with payback periods of four years, two years and five years respectively.

Of the remaining free surplus generated after reinvestment in new business, £690 million was remitted from the business units to Group. This cash was used to meet central costs of £106 million, service net interest payments of £135 million and meet dividend payments of £439 million. Furthermore, an aggregate £205 million was paid to the UK tax authorities following the settlement reached in the second half of 2010 and to secure new distribution agreements in Asia.

In January of 2011 we issued US$550 million Tier 1 subordinated notes raising £340 million net of transaction costs. We anticipate that the proceeds of this capital raising will be used to redeem the €500 million Tier 2 subordinated notes at the first call date in December of this year. Our central cash resources amounted to £1.5 billion at the end of the first half of 2011, comfortably above the £1 billion holding company cash buffer we seek to retain in anticipation of the redemption of the subordinated notes later in the year.

The remaining free surplus generated in the period was retained within our businesses and this will bolster local capital ratios, increasing long-term capital fungibility. The total free surplus balance deployed across our life and asset management operations increased from £3,338 million at the beginning of the period to £3,561 million at the end of the period.

'Growth and Cash' financial objectives

The following discussion contains forward-looking statements that involve inherent risks and uncertainties. Prudential's actual future financial condition or performance or other indicated results may differ materially from those indicated in any such forward-looking statement due to a number of important factors (including those discussed under the heading 'Risk factors' in the 2010 Annual Report). See the discussion under the heading 'Forward-looking statement' at the end of this report.

At our 2010 investor conference entitled 'Growth and Cash' we announced new financial objectives demonstrating our confidence in continued rapid growth in Asia, and increasing levels of cash remittances from all of our businesses. These objectives were defined as follows:

(i) Asia growth and profitability objectives1:

- To double the 2009 value of IFRS life and asset management pre-tax operating profit in 2013 (2009: £465 million); and
- To double the 2009 value of new business profits in 2013 (2009: £713 million).

(ii) Business unit cash remittance objectives1:

Asia to deliver £300 million of net cash remittance to the Group in 2013 (2009: £40 million);
Jackson to deliver £200 million of net cash remittance to the Group in 2013 (2009: £39 million); and
UK to deliver £350 million of net cash remittance to the Group in 2013 (2009: £284 million2).

(iii) Cumulative net cash remittances1:

- All business units in aggregate to deliver cumulative net cash remittances of at least £3.8 billion over the period 2010 to end-2013. These net remittances are to be underpinned by a targeted level of cumulative underlying free surplus generation of £6.5 billion over the same period.

As CFO, I would like to update you on our progress towards these objectives based on our results in the first half of 2011. We believe we are on-track to achieve these objectives.

Asia profitability objectives

		Actual				Objective
	2009	2010	Change	Half year 2011	Change	2013
	£m	£m	%	£m	%	£m
Value of new business						
Full year	713	901	26			1,426
Half year	277	395	43	465	18	
IFRS operating profit*						
Full year	465	604	30			930
Half year	228	295	29	367	24	

Business Unit Net Remittance Objectives

	Actual		Objective
	2009	2010	2013

			Half year 2011	
	£m	£m	£m	£m
Asia	40	233	105	300
Jackson	39	80	320	200
UK†	434	420	265	350
M&G‡	175	202	-	
Full year	688	935		
Half year	375	460	690	

Objectives for cumulative period 1 January 2010 to 31 December 2013

	Actual	Objective	Percentage achieved
	1 Jan 2010 to 30 Jun 2011	1 Jan 2010 to 31 Dec 2013	At 30 June 2011
	£m	£m	%
Cumulative net cash remittances from 2010 onwards	1,625	3,800	43%
Cumulative underlying group free surplus generation net of investment in new business	2,807	6,500	43%

* Total Asia operating profit from long-term business and asset management after development costs.

† In 2009, the net remittances from the UK include the £150 million in 2009 arising from the pro-active financing techniques used to bring forward cash emergence of the in-force book during the financial crisis. The 2010 net remittances include an amount of £120 million representing the releases of surplus and net financing payments.

‡ Including Prudential Capital.

1 The objectives assume current exchange rates and a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the half-year ended 30 June 2010. They have been prepared using current solvency rules and do not pre-judge the outcome of Solvency II, which remains uncertain.
2 Representing the underlying remittances excluding the £150 million impact of proactive financing techniques used to bring forward cash emergence of the in-force book during the financial crisis.

In the first half of 2011 net remittances from business operations increased to £690 million, including £320 million from Jackson. Following the 2008 crisis, our approach of investing in relatively lower strain, higher return, faster payback business has enabled Jackson to rebuild its capital base, finance growth and now remit more cash. Remittances from the UK life operations continue to be underpinned by the with-profits business but also reflect positive cash-flows from the shareholder backed business. Asia remittances continue to rise as the business matures and those from our UK asset management operations will be paid in the second half of the year.

Against the cumulative 2010 to 2013 target of £3.8 billion, by mid-2011 a total of £1,625 million has been remitted by business operations. We remain confident of achieving this target. Our confidence is underpinned by the strong net free surplus generation of our businesses which, by mid-2011, had generated a total of £2.8 billion against our 2010 to 2013 cumulative target of £6.5 billion.

Capital position, financing and liquidity
The Group has continued to maintain a strong capital position. At 30 June 2011, our IGD surplus is estimated at £4.1 billion (2010: £3.4 billion), with coverage a very strong 2.9 times the requirement. All of our subsidiaries maintain strong capital positions at the local regulatory level.

In addition to our strong capital position, on a statutory (Pillar 1) basis the total credit reserve for the UK shareholder annuity funds also contributes to protecting our capital position in excess of the IGD surplus. This credit reserve as at 30 June 2011 was unchanged at £1.8 billion. This represents 44 per cent of the portfolio spread over swaps, compared to 43 per cent at 31 December 2010.

Solvency II, which is expected to be implemented from 1 January 2013, represents a complete overhaul of the capital adequacy regime for European insurers. We are supportive of the risk-based approaches to capital management provided the metrics used are appropriate. Along with our European peers, we do have concerns about the potential volatility which Solvency II could introduce and the degree of prudence built in to the proposed calibrations for the standard formula. We are engaging directly with our peers, politicians and regulators to ensure a fair and reasonable outcome before the regime becomes law.

Our financing and liquidity position has remained strong throughout the period. As mentioned above, the next call on external financing is in December 2011 on the €500 million Tier 2 subordinated notes.

We continue to engage with rating agencies in order to provide insurance financial strength ratings for the Group. Prudential's senior debt is currently rated A+ by Standard & Poor's, A2 by Moody's and A by Fitch.

Embedded value
EEV shareholders' funds increased by four per cent during the first half of 2011 to £19.0 billion (31 December 2010: £18.2 billion). On a per share basis EEV at the end of 30 June 2011 stood at 745 pence, up from 715 pence at 31 December 2010.

BUSINESS UNIT REVIEW

Insurance operations

Asia operations

		AER		CER	
	Half year 2011 £m	Half year 2010 £m	Change %	Half year 2010 £m	Change %
APE sales1					
Asia (excluding India)	696	594	17	587	19
India	47	119	(61)	114	(59)
Total APE sales	743	713	4	701	6
NBP1	465	396	17	393	18
NBP1 margin (% APE)	63%	56%		56%	
Total EEV operating profit*	774	636	22	631	23
Total IFRS operating profit*	326	262	24	259	26

*Operating profit from long-term operations excluding asset management operations, development costs and Asia regional head office costs.

Market overview

The prospects for the life insurance sector in Asia remain very positive as they are supported by strong economic fundamentals, relatively low penetration and the increasing size of the middle class with their growing demand for savings and protection orientated financial products. The industry has continued to grow strongly across the region and within that context, Prudential has maintained its position as a regional leader.

During the first half of 2011 there have been no major changes in the competitive environment. The regulatory environment continues to evolve in ways that we believe are consistent with the sound and sustained development of the industry in the region.

Business and financial performance

Prudential Asia remains on track to deliver its 2013 targets. Its overarching strategy continues to be the further expansion of its highly productive distribution channels and increased sales of capital efficient, regular premium savings and protection products with specific initiatives tailored to each individual market.

New business APE1 of £743 million is up four per cent with strong performance across all markets being offset by India where the impacts of the regulatory change in September last year continue to depress the market. Average new business profit margins1 increased to 63 per cent up from 56 per cent this time last year, principally due to a shift in country mix with lower contributions to total APE from the lower margin markets of India and Taiwan and improvements in product mix offset by operating assumption changes. Consequently new business profits grew at a faster rate than APE and, at £465 million, increased by 17 per cent over 2010.

Excluding India, as the market continues to work through the regulation change, new business APE1 grew by 17 per cent and the proportion of regular premium within this APE remains high at 91 per cent and the product mix remains broadly in line with prior year with protection accounting for 31 per cent of total APE.

Agency management remains one of Prudential's core competencies. We continue to focus on the selection and training of high-quality, productive sales professionals. Our agency force (ex India) has grown to 176,000, up from 153,000 last year. Equally important and underscoring our focus on quality is agency activity rates, which improved 10 per cent this half compared to last, and also productivity in terms of APE per agent, higher by eight per cent. As a result of these improvements, overall agency sales increased by 16 per cent in the first half of 2011.

Prudential also has a very successful track record of delivering profitable growth from a range of distribution partners. New business from the bank channel (ex India) grew 27 per cent during the first half and now generates 30 per cent of total APE supported by the performance of our existing partners and the success of our new relationship with UOB, particularly in Singapore. This agreement was signed last year, originally covering Singapore, Thailand and Indonesia and was extended in 2011 to cover Malaysia.

Operating EEV profits of £774 million have increased by 22 per cent over prior half year driven by higher new business profits and an increasing unwind from a larger in-force book. In total, adverse experience variances and negative assumption changes of £24 million (2010: £59 million adverse) are substantially lower than prior year. For first half 2011, small adverse persistency and expense variances are largely offset by positive claims experience.

1 Excludes Japan which ceased writing new business in 2010.

IFRS operating profit of £326 million represents growth of 24 per cent over prior year, reflecting higher in-force profits from our maturing book of business and lower new business strain of four per cent of APE1 compared to six per cent last year. All operations, aside from Taiwan made a positive contribution to IFRS profit in the first half.

Shareholder-backed business policyholder liabilities have increased by £1.0 billion to £18.7 billion in the first six months of 2011. Net insurance inflows account for £0.8 billion of this increase with the balance representing market value movements and foreign exchange. As expected, outflows including those from partial withdrawals are at a lower run rate than both the half year and the full year 2010 when expressed as a percentage of opening policyholder liabilities. There have been improvements in both Malaysia and Indonesia where we had experienced increased withdrawals in the second half of last year, as policyholders took the opportunity to realise some profits from the increased value of their unit-linked policies as markets recovered.

Underlying free surplus generation (net of investment in new business) has improved to £187 million compared to £153 million in the same period last year. This improvement reflects both the size and the strong profitability of the in-force book and underpins higher overall net remittances of £105 million, up 57 per cent on the £67 million remitted in the first half of 2010.

Looking at individual countries:

China

	Half year 2011 £m	AER Half year 2010 £m	Change %	CER Half year 2010 £m	Change %
APE sales	35	27	30	27	30

CITIC-Prudential remains one of the leading foreign joint ventures and we continue to pursue our strategy of quality sales and sustainable value creation rather than trying to achieve short-term sales volume growth. Average agency numbers increased by seven per cent relative to the same period last year and APE productivity per agent was also higher by 19 per cent. Sales through our bank partnerships also grew strongly by 29 per cent and account for 50 per cent of APE, broadly in line with prior year.

Hong Kong

	Half year 2011 £m	AER Half year 2010 £m	Change %	CER Half year 2010 £m	Change %
APE sales	151	130	16	122	24

Prudential Hong Kong continues to deliver excellent new business APE growth with an increase of 16 per cent over prior year. Agency APE increased by 14 per cent reflecting both an increase in average agent numbers (up nine per cent for the first half over prior year) principally through organic growth and average agent productivity (also higher by 11 per cent).

Bancassurance sales through SCB grew at a faster pace than agency at 27 per cent mainly attributed to higher productivity from the in branch Financial Services Consultants. Bancassurance now accounts for 43 per cent of total sales up from 40 per cent last year.

India

	Half year 2011 £m	AER Half year 2010 £m	Change %	CER Half year 2010 £m	Change %
APE sales	47	119	(61)	114	(59)

The Indian market has been through a significant period of change during 2010, particularly with the regulatory driven refocus on savings and protection products, which came into effect on 1 September. In the first half of 2011, the proportion of regular premium linked business has reduced with correspondingly higher proportions of non par products and single premium linked.

Indonesia

		AER		CER	
	Half year 2011	Half year 2010	Change	Half year 2010	Change
	£m	£m	%	£m	%
APE sales					