PRUDENTIAL PLC
Form 6-K
October 24, 2003

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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

October 24, 2003

Commission File Number: 1-15040

PRUDENTIAL PUBLIC LIMITED COMPANY

(Name of Registrant)

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 is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

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- ____

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SELECTED HISTORICAL FINANCIAL INFORMATION OF PRUDENTIAL

The following table sets forth Prudential's selected consolidated financial data for the periods indicated. This data is derived from Prudential's consolidated financial statements prepared in accordance with UK GAAP, under which insurance business is accounted for on the modified statutory basis (MSB). These accounting principles differ in certain significant respects from US GAAP. The unaudited condensed consolidated interim financial statements included elsewhere in this document include a reconciliation of the differences between UK GAAP and US GAAP that are significant to the financial statements. This table is only a summary and you should read it in conjunction with Prudential's unaudited condensed consolidated interim financial statements and the related notes included elsewhere in this document.

	Six Months Ended June 30,		
	2003[(1)]	**2003**	**2002**
	(In $ Millions)	**(In £ Millions)**	
Profit and loss account data UK GAAP basis			
Gross premiums from continuing operations:			
Long-term business	**12,069**	**7,301**	8,326
Gross premiums from discontinued operations:			
General business			185
Reinsurance and change in unearned premiums	**(243)**	**(147)**	(225)
Total earned premiums, net of reinsurance	**11,826**	**7,154**	8,286
Investment returns	**11,239**	**6,799**	(865)
Operating profit before amortization of goodwill and tax[(2)]			
Continuing operations:			
UK and Europe operations	**244**	**148**	248
US operations	**142**	**86**	150

	Six Months Ended June 30,		
Asian operations	**40**	**24**	5
Group activities	**(142)**	**(86)**	(86)
Operating profit before amortization of goodwill and tax[3]	**284**	**172**	317
Short-term fluctuations in investment returns[4]	**119**	**72**	(152)
Amortization of goodwill	**(81)**	**(49)**	(49)
Profit on sale of UK personal lines property and casualty insurance business			355
Total profit on ordinary activities before tax	**322**	**195**	471
Profit after tax:			
Operating profit (including post-tax longer-term investment returns)	**207**	**125**	227
Profit for the period (including post-tax actual investment returns)	**230**	**139**	422

	Six Months Ended June 30,		
	2003[1]	2003	2002
	(In $ Millions)	(In £ Millions)	
Statement of income and comprehensive income data US GAAP basis			
Insurance policy revenues	**3,448**	**2,086**	2,021
Investment results	**8,928**	**5,401**	(173)
Other income	**512**	**310**	364
Total revenue	**12,888**	**7,797**	2,212
Net income (loss) from continuing operations (after minority interests)	**436**	**264**	(274)
Net income from discontinued operations including profit on sale	**60**	**36**	297
Total net income	**496**	**300**	23
Total comprehensive income (loss)	**1,207**	**730**	(8)

	As of and for the Six Months Ended June 30,		As of and for the Twelve Months Ended December 31,
	2003[1]	2003	2002
	(In $ Millions)	(In £ Millions)	
Balance sheet data UK GAAP basis			
Total assets	**262,427**	**158,758**	152,161
Long-term business provision	**166,457**	**100,700**	99,114
Technical provision for linked liabilities	**29,494**	**17,843**	16,007
Debenture loans	**5,214**	**3,154**	2,293
Total shareholders' funds	**6,062**	**3,667**	3,668

	As of and for the Six Months Ended June 30,		As of and for the Twelve Months Ended December 31,
Balance sheet data US GAAP basis			
Total assets	**261,214**	**158,024**	150,379
Policyholder benefit liabilities	**150,818**	**91,239**	89,304
Separate account liabilities	**45,639**	**27,610**	25,793
Total shareholders' equity	**8,787**	**5,316**	4,878
Other data			
Long-term business:			
New business from continuing operations:			
Single premiums sales	**7,926**	**4,795**	12,112
New regular premiums sales(5)	**570**	**345**	707
Investment product contributions	**17,156**	**10,379**	14,818
Funds under management	**267,786**	**162,000**	155,000

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	Six Months Ended June 30,		
	2003(1)	2003	2002
Other data			
Basic earnings per share:			
Based on operating profit from continuing operations before amortization of goodwill and before tax on a UK GAAP basis	**14.2¢**	**8.6p**	16.0p
Based on operating profit before amortization of goodwill and after tax and minority interests on a UK GAAP basis	**10.4¢**	**6.3p**	11.4p
Based on profit for the period after tax on a UK GAAP basis	**11.5¢**	**7.0p**	21.2p
Net earnings per share on a US GAAP basis	**24.8¢**	**15.0p**	1.2p
Diluted earnings per share UK GAAP basis	**11.5¢**	**7.0p**	21.2p
Diluted earnings per share US GAAP basis	**24.8¢**	**15.0p**	1.2p
Dividend per share	**8.8¢**	**5.3p**	8.9p
Equivalent cents per share(6)		**9.0¢**	13.8¢
Market price at end of period	**$6.07**	**367.0p**	600.0p
Share capital (in millions)	**$165.3**	**£100**	£100
Number of shares outstanding (in millions)		**2,007**	1,997
Average number of shares (in millions)		**1,995**	1,986

(1) Amounts stated in US dollars have been translated from pounds sterling at the rate of $1.653 per £1.00 (the noon buying rate in New York City on June 30, 2003).

(2) Investment returns credited to operating results for investments attributable to shareholders are determined using the longer-term rate of return. For the purposes of determining longer-term investment returns, Jackson National Life averages realized investment gains and losses arising on debt securities over five years. For equity-related investments Jackson National Life has assumed a long-term rate of return of 7.75%. Operating profit excludes amortization of goodwill and one-off items.

(3) Due to the long-term nature of Prudential's business, the basis of presentation of operating profit may not be comparable with other UK companies.

(4) Short-term fluctuations in investment returns represent the difference between the longer-term return credited to operating profit and the actual investment returns achieved for the period.

(5)

New regular business sales are reported on an annualized basis, which represents a full year of installments in respect of regular premiums irrespective of the actual payments made during the year.

(6) The dividend for the six months ended June 30, 2002, has been translated into US dollars at the noon buying rate on the date the payment was made. The dividend for the six months ended June 30, 2003, which will be paid on October 31, 2003, has been translated into US dollars at the rate of $1.69 per £1.00, being the noon buying rate on October 22, 2003, the latest practicable date for this filing.

EXCHANGE RATE INFORMATION

Prudential publishes its consolidated financial statements in pounds sterling. References in this document to "US dollars", "US$", "$" or "¢" are to US currency, references to "pounds sterling", "£", "pounds", "pence" or "p" are to UK currency (there are 100 pence to each pound) and references to "euro" or "€" are to the European single currency. The following table sets forth the average exchange rates for the periods set out below based on the noon buying rates on the last business day of each month of the periods. These rates, and the other rates shown below, are as certified for customs purposes by the Federal Reserve Bank of New York, for pounds sterling expressed in US dollars per pound sterling for each of the reported periods. Prudential has not used these rates to prepare its consolidated financial statements.

Period	Average
Six months ended June 30, 2002	1.45
Twelve months ended December 31, 2002	1.51
Six months ended June 30, 2003	1.62

The following table sets forth the high and low exchange rates for pounds sterling expressed in US dollars per pound sterling for each month during the previous six months:

Month	High	Low
April 2003	1.60	1.55
May 2003	1.65	1.59
June 2003	1.68	1.63
July 2003	1.67	1.59
August 2003	1.62	1.57
September 2003	1.66	1.57

On October 22, 2003, the latest practicable date, the noon buying rate was £1.00 = $1.69.

FORWARD-LOOKING STATEMENTS

This report 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 containing the words "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including, among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, 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; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Prudential's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Prudential's forward-looking statements. Prudential undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements we may make.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with Prudential's unaudited condensed consolidated interim financial statements and the related notes to Prudential's unaudited condensed consolidated interim financial statements included elsewhere in this document. Prudential's unaudited condensed consolidated interim financial statements have been prepared in accordance with UK GAAP, which differs in certain material respects from US GAAP. For a summary of the material differences between UK GAAP and US GAAP relevant to Prudential's financial statements, see Notes 7 and 8 to Prudential's unaudited condensed consolidated interim financial statements. A summary of the critical accounting policies which have been applied to these statements is set forth in the section below entitled " UK GAAP Critical Accounting Policies".

The results discussed below are not necessarily indicative of the results to be expected in any future periods. This discussion may contain forward-looking statements based on current expectations, which involve risks and uncertainties. Actual results and the timing of certain events may differ significantly from those projected in these forward-looking statements.

Introduction

In the first half of 2003, Prudential continued to provide retail financial products and services and fund management to its customers in the United Kingdom and Europe, United States and Asia. No new accounting standards affecting Prudential's UK GAAP consolidated financial statements were issued in the first half of 2003.

UK GAAP Critical Accounting Policies

Prudential's discussion and analysis of its financial condition and results of operations are based upon Prudential's unaudited condensed consolidated interim financial statements, which have been prepared in accordance with UK GAAP. Prudential's financial statements are prepared in accordance with the modified statutory basis ("MSB") of reporting of long-term business. This is in accordance with the Statement of Recommended Practice issued by the Association of British Insurers ("ABI") in December 1998. In broad terms, MSB profits for long-term business reflect the aggregate of statutory transfers from with-profits funds and profits on a traditional deferred and matching approach for other long-term business. The preparation of these financial statements requires Prudential to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, Prudential evaluates its estimates, including those related to long-term business provisioning, the fair value of assets and the declaration of bonus rates. Prudential bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgements and uncertainties, and potentially result in materially different results under different assumptions and conditions. Prudential believes that its critical accounting policies are limited to those discussed below. The critical accounting policies in respect of the items discussed below are critical for the Group's results in so far as they relate to the Group's shareholder financed business, in particular for Jackson National Life.

Long-term Business Provision

At June 30, 2003, the long-term business provision represented 63% of Prudential's total liabilities. These liabilities predominantly relate to with-profits and other protection type policies. These liabilities

are estimated using actuarial methods based on assumptions relating to premiums, interest rates, investment returns, expenses, mortality and surrenders.

The future policyholder benefit provisions for Jackson National Life's conventional protection-type policies are determined using the net level premium method, with an allowance for surrenders and claim expenses. Rates of interest used in establishing the policyholder benefit provisions range from 5.0% to 8.2%. Mortality assumptions range from 50% to 90% of the 1975   1980 Basic Select and Ultimate tables, depending on underwriting classification and policy duration. For investment-type products sold by Jackson National Life, the policyholder benefit provision included within technical provisions in the consolidated balance sheets is the policyholder account balance.

The future policyholder benefit provisions for Asian businesses are determined in accordance with methods prescribed by local GAAP. In regions where local GAAP is not well established, US GAAP is used as the most appropriate proxy to local GAAP. The valuation of policyholder benefit provisions may differ from that determined on a UK modified statutory basis.

Fair Value of Assets

Equity securities, debt and other fixed income securities, except for those held by Jackson National Life (which are carried at amortized cost), are carried at fair value with unrealized gains and losses being reflected in the profit and loss account. Fair value is based on market prices for listed securities and on quotations provided by external fund managers, brokers, independent pricing services or values determined by management for unlisted securities. Where reliable third party information is not available, the Group performs alternative valuation techniques, including discounted cash flow analysis, option-adjusted spread models, and enterprise valuation.

Except to the extent of other than temporary impairments, movements in the fair value of Jackson National Life's bond portfolio do not impact shareholders' profits or funds. Impairments in the carrying value of individual bonds and other fixed income securities that are considered other than temporary are reflected as losses in profit or loss before tax. Among the factors considered is whether the decline in fair value results from a change in the quality of the security itself, or from a downward movement in the market as a whole, and the likelihood of recovering the carrying value based on the current and short term prospects of the issuer. Unrealized losses that are considered to be primarily the result of market conditions, such as increasing interest rates, unusual market volatility or industry-related events, and where the Group also believes there exists a reasonable expectation for recovery and, furthermore, has the intent and ability to hold the investment until maturity or the market recovers, are usually determined to be temporary.

Investment Returns

Investment returns comprise investment income, realized gains and losses and changes in unrealized gains and losses, except for changes in unrealized gains and losses on debt securities held by Jackson National Life. These securities are carried in the balance sheet at amortized cost. For debt and other fixed interest securities held by Jackson National Life, purchase premiums and discounts are amortized based on the underlying investments' call or maturity dates and this amortization is included in investment returns. Realized gains and losses, including impairment charges, are recognized in income on the date of sale as determined on a specific identification basis for Jackson National Life and on an average cost basis elsewhere.

Deferred Acquisition Costs

As is common with other insurers, Prudential incurs significant costs in connection with acquiring new insurance business. These costs, which vary with, and are primarily related to, the production of new business, are capitalized and amortized against margins in future revenues on the related insurance

policies. The recoverability of the asset is measured and the asset is deemed impaired if the projected future margins are less than the carrying value of the asset. Management makes assumptions as to whether certain costs should be deferred or not and whether they will be offset by future margins on the policies. To the extent that the actual future margins differ from those anticipated, an adjustment to the carrying value of the deferred acquisition cost asset will be necessary.

The deferral and amortization of deferred acquisition costs is of most relevance to the Group's reported profits for shareholder financed long-term business operations, principally Jackson National Life in the United States.

Deferred Tax

Deferred tax assets and liabilities generally are recognized in accordance with the provisions of FRS 19 "Deferred Tax" ("FRS 19"). Prudential has chosen not to adopt the option available under FRS 19 of recognizing such assets and liabilities on a discounted basis to reflect the time value of money. Except as set out in FRS 19, deferred tax is recognized in respect of timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognized to the extent that they are regarded as recoverable, that is to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The UK taxation regime applies separate rules to trading and capital profits and losses. The distinction between timing differences that arise from items of either a capital or trading nature may affect the recognition of deferred tax assets under FRS 19. Accordingly, for the balance sheet position at June 30, 2003, the possible tax benefit, which may arise from capital losses valued at approximately £1.7 billion, is sufficiently uncertain that it has not been recognized.

Derivative Financial Instruments

Jackson National Life uses derivatives (primarily interest rate swaps) to hedge certain risks in conjunction with its asset/liability management program. As permitted by UK GAAP, earnings for Jackson National Life exclude the fair value of fluctuations on these derivative instruments including, in particular, those that are regularly used to manage risks associated with movements in interest rates. Under UK GAAP such derivatives are not required to be accounted for at fair value.

Other Features of UK GAAP Accounting that are of Particular Significance to an Understanding of Prudential's UK GAAP Results

The other features that are of significance relate to the method of accounting for the assets and liabilities of the Group's with-profits funds.

The future policyholder benefit provisions on conventional with-profits and other protection-type policies are calculated using the net premium method. The net premium method is calculated such that it would be sufficient at the outset of the policy to provide only for the discounted value of the original guaranteed death and maturity benefits. The provision is then calculated by subtracting the present value of future net premiums from the present value of future benefits (including vested bonuses) using a prudent discount rate. The net premium reserves are calculated using assumptions for interest, mortality, morbidity and expense, but without assumptions for withdrawals. These assumptions are determined as prudent best estimates at the date of valuation. The assumptions to which the estimation of the long-term business provision is particularly sensitive are the interest rate used to discount the provision and the assumed future mortality experience of policyholders. Interest rates used in establishing policyholder benefit provisions for conventional with-profits policies in the unaudited condensed consolidated interim financial statements range from 3.0% to 5.0%. The interest rates used in establishing policyholder benefit provisions for pension annuities in the course of payment are adjusted

each period and ranged from 2.1% to 5.1% for half year 2003 and 2.4% to 5.4% for the year ended December 31, 2002. Mortality rates used in establishing policyholder benefit provisions are based on published mortality tables adjusted to reflect actual experience.

For Prudential Assurance's (PAC) accumulating with-profits business, the provision is taken as the lower of:

- the accumulated fund or the value at the bid price of the notional number of units allocated to policyholders, in both cases excluding final bonuses, and

- the surrender or transfer value which, having regard to policyholders' reasonable expectations, would be payable at the valuation date,

or, if greater, the value of the guaranteed liabilities excluding final bonuses calculated on a gross premium bonus reserve method. For the purpose of calculating the liability using the bonus reserve method, the assumed interest rates range from 3.2% to 5.0%, while future reversionary bonuses are assumed to fall from current levels to zero at 1.5% per year. For unitized with-profits policies, the policyholder benefit provisions are based on the policyholder account balance.

If actual experience differs from these assumptions, or the basis of preparation is altered, then the value of the liabilities would need to be adjusted.

For with-profits business (including non-participating business of Prudential Annuities Limited, which is owned by the PAC with-profits fund), adjustments to liabilities and any related tax effects are recognized in the profit and loss account. However, except for any impact on the annual declaration of bonuses, shareholder profits for with-profits business and shareholders' funds would not be affected by adjustments to liabilities. This is because UK GAAP profits for with-profits business solely reflect up to one-ninth of the cost of bonuses declared for the year. Adjustments to the UK GAAP basis long-term business provision for the PAC with-profits fund would normally reflect changes that have also been reflected in the annual regulatory returns submitted to the FSA. Except to the extent of any second order effects on other elements of the regulatory returns, such changes can be expected to have a consequent effect on the excess of assets over liabilities of the fund for purposes of solvency calculations, and the related free asset ratio which is an indicator of the overall financial strength of the fund. Similar principles apply to the Group's Asian with-profits business.

Fund for Future Appropriations

The excess of assets over liabilities (including long-term business provision) of the Group's long-term with-profits funds are retained within the fund for future appropriations and excluded from equity. Similarly excesses and deficits of net income over the UK basis surplus for distribution to policyholders and shareholders are transferred to, or from, the fund for future appropriations.

Changes to the level of the fund for future appropriations do not directly impact shareholders' results or funds. After allowing for differences in the basis of preparation of UK GAAP and UK regulatory returns, movements in the level of the fund for future appropriations are broadly indicative of movements in the excess of regulatory basis assets over liabilities of the fund. In turn, movements in this excess as a proportion of liabilities are indicative of changes in the financial strength of the fund. Differences in the basis of preparation of UK GAAP and UK regulatory returns arise principally from the treatment of certain regulatory basis liabilities, such as mismatching reserves (that are accounted for as reserves within the fund for future appropriations), recognition of deferred acquisition costs for UK GAAP, and asset valuation differences and admissibility deductions reflected in regulatory returns.

Profits Recognition

Prudential's results include an annual profit distribution to shareholders from long-term with-profits funds that represents an amount of up to one-ninth of the cost of that year's bonus declarations to policyholders. The distribution corresponds directly to the post-tax modified statutory basis profit for with-profits business. The boards of directors of the subsidiary companies that have with-profits operations, using the advice of their appointed actuary, determine the amount of annual and final bonuses to be declared each year on each group of contracts.

Fair Value of Assets

Changes in the fair value of assets of Prudential's long-term with-profits funds will primarily be reflected in the excess of assets over liabilities recorded under UK GAAP as the fund for future appropriations. Shareholders' profits from with-profits business and shareholders' funds are not directly impacted by movements in the fair values of the assets. However, current investment performance is a factor that is taken into account in the setting of the annual declaration of bonuses which, in turn, affects UK shareholder profits to the extent of one-ninth of the cost of bonus.

Changes in the fair value of assets of unit-linked (separate account) funds are normally accompanied by a matching change in unit-linked business liabilities that is also recognized in the profit and loss account.

Investment Returns

For with-profits business, investment returns together with other income and expenditure are recorded within the profit and loss account. However, the difference between net income of the fund and the cost of bonuses and related statutory transfers is reflected in an amount transferred to or from the fund for future appropriations within the profit and loss account. Except to the extent of current investment returns being taken into account in the setting of the bonus policy, the investment returns of the with-profits funds in a particular year do not affect shareholder profits from with-profits funds.

Overview of Consolidated Results

The following table shows Prudential's consolidated total profit on ordinary activities for the periods indicated:

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Operating profit before amortization of goodwill and tax (based on longer-term investment returns)		

	Six Months Ended June 30,	
Continuing operations:		
UK and Europe operations	**148**	248
US operations	**86**	150
Asian operations	**24**	5
Group activities	**(86)**	(86)
Operating profit before amortization of goodwill and tax (based on longer-term investment returns)	**172**	317
Amortization of goodwill	**(49)**	(49)
Short-term fluctuations in investment returns	**72**	(152)
Profit on sale of UK personal lines property and casualty insurance business		355
Total profit on ordinary activities before tax	**195**	471
Tax on profit on ordinary activities		
Tax on operating profit before amortization of goodwill	**(52)**	(90)
Tax on items excluded from operating profit before amortization of goodwill	**(9)**	40
Total tax on profit on ordinary activities	**(61)**	(50)
Profit on ordinary activities after tax before minority interests	**134**	421
Minority interests	**5**	1
Profit on ordinary activities after tax and minority interests	**139**	422

Profit Before Tax

Total profit on ordinary activities before tax in the first half of 2003 was £195 million compared with £471 million in the first half of 2002. This decline principally reflected lower operating profit and the impact of the profit on the sale of UK general insurance operations that was recorded in the first half of 2002 (£355 million), offset by improvements in short-term fluctuations in investment returns.

Profit After Tax

Profit after tax before minority interests in the first half of 2003 was £134 million compared with £421 million in the first half of 2002. The decline reflects the movement in the profit before tax in those periods and effective tax rates of 31% in the first half of 2003 and 11% in the first half of 2002. The 2002 tax charge benefited from the utilization of capital losses available to the Group.

UK and Europe Operations

As discussed in Note 2 to the consolidated interim financial statements, operating segment information for 2002 has been restated to reflect a change in operating segment structure that was made in 2003, namely, the amalgamation of the Group's UK and Europe Insurance Operations. This realignment is consistent with how the Group manages its business and the markets it serves. Prudential's UK and Europe operations are structured into three business units, each focussing on its

respective target customer markets, namely, UK and Europe Insurance Operations, M&G and Egg. Egg plc is a quoted UK company, 79% owned by the Group.

The following table shows operating profit before amortization of goodwill and tax, for the periods indicated.

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
	(In £ Millions)	
UK and Europe Insurance Operations long-term business	**133**	213
M&G	**38**	34
Egg	**(23)**	1
Total operating profit before amortization of goodwill and tax	**148**	248

Operating profit from UK and Europe Insurance Operations long-term business in the first half of 2003 was £133 million, £80 million lower than the £213 million recorded in the first half of 2002. This reflected a reduction of £76 million due to previously announced lower with-profits bonus rates as a result of lower than expected investment returns in prior periods.

M&G's operating profit of £38 million in the first half of 2003 was £4 million higher than in the first half of 2002, despite the FTSE All-Share Index averaging 25% less in the first half of 2003 compared to the same period in 2002 leading to lower gross revenues. M&G increased its profit due to the diversified nature of its revenues, a growing contribution from its market leading fixed income business, strong net sales and effective cost control.

Egg recorded an operating loss of £23 million in the first half of 2003 compared to a profit of £1 million in the first half of 2002. This was due to higher interest income of £201 million, compared to £154 million in the first half of 2002, being offset by higher expenses of £224 million, compared to £153 million in the first half of 2002. Higher expenses reflected Egg's continuing investment in its French operations.

Discontinued Operations

In November 2001, Prudential agreed to transfer its personal lines property and casualty insurance business to Winterthur Insurance and its UK subsidiary, the Churchill Group. The sale was completed on January 4, 2002, for a consideration of £353 million. After allowing for the costs of the sale and other related items, the profit on sale recorded in the 2002 results was £355 million before tax.

US Operations

Prudential's principal US operations are its US insurance company, Jackson National Life, which includes Jackson Federal Bank, and PPM America, its US internal and institutional fund manager.

The following table shows operating profit before amortization of goodwill and tax for the periods indicated.

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
	(In £ Millions)	
Jackson National Life	**77**	140
PPM America	**9**	10
Total operating profit before amortization of goodwill and tax	**86**	150

Operating profit of £86 million in the first half of 2003 was £64 million lower than in the first half of 2002. The decline principally reflects increased averaged realized bond losses, higher deferred acquisition cost (DAC) amortization, reduced fee income and development costs at Curian Capital, LLC, a registered investment advisor providing fee-based managed account business. In addition, the US results are translated into pounds sterling at the average exchange rates for the relevant periods. The US dollar to pounds sterling average rates were 1.61 and 1.44 for the periods ended June 30, 2003 and June 30, 2002, respectively. If a constant exchange rate had been applied the decline would have been less marked.

Asian Operations

Prudential is Europe's leading life insurer in Asia with 23 operations in 12 countries across the region. As recently as 1994, Prudential's presence in Asia was confined to Singapore, Hong Kong and Malaysia.

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Operating profit before amortization of goodwill and tax	**24**	5

Operating profit in the first half of 2003 was £24 million, an increase of £19 million from the first half of 2002. The increase was primarily due to higher operating profits in the more established life operations (Singapore, Hong Kong and Malaysia). These profits were partially offset by losses at some of the newer operations as these operations continue to build scale.

Group Activities

Operating results from Group Activities represent investment income on centrally retained shareholder funds, interest expense on Group core borrowings and central corporate expenditure relating to the UK and Asian head offices.

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Operating loss before amortization of goodwill and tax	**(86)**	(86)

The operating loss for Group Activities of £86 million in the first half of 2003 was in line with the first half of 2002.

Geographic Analysis by Nature of Income and Expense

The following table shows Prudential's consolidated total profit on ordinary activities before amortization of goodwill, tax and minority interests for the periods indicated:

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Long-term business:		
Gross premiums	**7,301**	8,326
Reinsurance	**(147)**	(74)

	Six Months Ended June 30,	
Earned premiums	**7,154**	8,252
Investment returns (based on longer-term business)	**6,458**	(976)
Expenses	**(827)**	(822)
Taxation within long-term business funds	**(164)**	229
Benefits and claims	**(10,242)**	(10,340)
Transfers (to) from the fund for future appropriations	**(2,211)**	3,902
Shareholders' profit after tax before amortization of goodwill and minority interests	**168**	245
Add back: tax on shareholders' profit	**66**	113
Shareholders' profit from long-term business	**234**	358
Other operations:		
Broker dealer and fund management	**47**	44
UK banking	**(23)**	1
Other income and expenditure	**(86)**	(86)
Shareholders' profit from other operations before amortization of goodwill, tax and minority interests	**(62)**	(41)
Total operating profit before amortization of goodwill, tax and minority interests (based on longer-term investment returns)	**172**	317

Gross Premiums

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Long-term business:		
United Kingdom and Europe	**3,803**	4,423
United States	**2,604**	3,048
Asia	**894**	855
Total	**7,301**	8,326

Gross premiums totalled £7,301 million in the first half of 2003, a reduction of 12% over the first half of 2002.

In the United Kingdom and Europe, gross premiums in the first half of 2003 were 14% below levels reported in the first half of 2002 (£3,803 million compared to £4,423 million) largely due to the reduction in sales of with-profits bonds.

In the United States, gross premiums in the first half of 2003 were £2,604 million, 15% below premiums in the first half of 2002 of £3,048 million. This reduction was due to lower levels of stable value business, reflecting JNL's increased focus on retail sales. In addition, the pound weakened against the dollar by some 11% from the average rate of 1.44 dollars to the pound for the period ended June 30, 2002, to 1.61 dollars to the pound for the period ended June 30, 2003.

In Asia, gross premiums increased by 5% in the first half of 2003 to £894 million compared to £855 million in the first half of 2002. This was largely due to stronger sales in Hong Kong and Taiwan.

Investment Returns

	Six Months Ended June 30,	
	2003	**2002**
	(In £ Millions)	
Long-term business:		
United Kingdom and Europe	**5,518**	(1,845)
United States	**619**	702
Asia	**321**	167
Total	**6,458**	(976)

The investment return for shareholder financed businesses, principally the operations in the United States, shown above represented longer-term investment returns. For other businesses, investment returns represented income and realized and unrealized investment appreciation.

Total investment returns of positive £6,458 million in the first half of 2003 compared to investment losses of £976 million reported in the first half of 2002. This primarily reflected stronger investment returns in the United Kingdom and Europe.

In the United Kingdom and Europe, inves