

PRUDENTIAL PLC  
Form 6-K  
August 10, 2017

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, 2017

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-

NEWS RELEASE

10 August 2017

PRUDENTIAL PLC HALF YEAR 2017 RESULTS

PRUDENTIAL DELIVERS BROAD-BASED PERFORMANCE LED BY DOUBLE-DIGIT GROWTH IN ASIA

Performance highlights on a constant (and actual) exchange rate basis

Group IFRS operating profit<sup>1</sup> of £2,358 million, up 5 per cent<sup>2,3</sup> (up 15 per cent<sup>4</sup>)

Asia new business profit<sup>5</sup> of £1,092 million, up 18 per cent<sup>2,3</sup> (up 33 per cent<sup>4</sup>), IFRS operating profit<sup>1</sup> of £953 million, up 16 per cent<sup>2,3</sup> (up 31 per cent<sup>4</sup>) and free surplus generation<sup>6</sup> of £553 million, up 15 per cent<sup>2,3</sup> (up 30 per cent<sup>4</sup>)

US life insurance IFRS operating profit<sup>1</sup> of £1,079 million, up 7 per cent<sup>3</sup> (up 22 per cent<sup>4</sup>)

UK life retail APE sales of £721 million, up 22 per cent, with PruFund sales up 29 per cent to £564 million

M&G first half external asset management net inflows of £7.2 billion

M&G and Prudential UK & Europe to be combined to create a leading savings and investments provider

2017 first interim dividend of 14.50 pence per share, up 12 per cent

Group Solvency II surplus<sup>7</sup> estimated at £12.9 billion; equivalent to a ratio of 202 per cent<sup>8</sup>

Mike Wells, Group Chief Executive, said: “Our successful strategy, innovative products and strong execution have driven growth across all of our main performance measures led by double-digit growth in our Asian business. We have achieved our objective of generating over £10 billion of Group cumulative free surplus between 1 January 2014 and 31 December 2017 six months early and we remain on track to achieve the remaining Asia-focused objectives by the end of this year.

“In Asia, we continue to leverage our structural advantages, delivering a 16 per cent<sup>2</sup> increase in IFRS operating profit and 15 per cent<sup>2</sup> growth in free surplus generation. New business profit in our life business increased by 18 per cent<sup>2</sup>, while Eastspring, our asset management business, delivered £2.3 billion of external net inflows<sup>9</sup>. The scale, breadth and diversification of our businesses leave us well placed to continue to grow as we access the opportunities created by the region’s dynamic economies, fast-growing middle class and underpenetrated markets.

“Our US life business, Jackson, has delivered a 7 per cent rise in IFRS operating profit and continues to outperform the market<sup>10</sup> with positive net flows in variable annuities, where its product and distribution capabilities are a competitive strength. In the UK our life retail sales are up by 22 per cent due to the continued consumer appetite for PruFund-backed products, while M&G experienced record net inflows from external retail clients for the first half of the year, reflecting improved investment performance.

“Our strategy is focused on markets where the need for our products is strong and growing, and our capabilities and execution ensure that we are successfully meeting that demand across our different regions. In Asia we offer innovative products that meet the savings, health and protection needs of the fast-growing middle class, in the US our variable annuities are focused on meeting consumers’ needs as they move into retirement, and in the UK and Europe we are responding with agility to changing consumer preferences, meeting the rising demand for savings and retirement solutions.

“We are also announcing today our intention to combine M&G and Prudential UK & Europe to form M&G Prudential, a savings and investments business focused on meeting growing customer demand for comprehensive financial solutions. Combining these businesses will allow us to better leverage our considerable scale and capabilities. This will enable us to increase our growth prospects by providing better outcomes for our millions of customers.

“This performance demonstrates our strength in accessing the market opportunities available to us. Our proven ability to innovate in both our products and capabilities positions us well to continue generating profitable growth and cash.”

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Summary financials	2017 Half year	2016 Half year	Change on AER basis	Change on CER basis
IFRS operating profit based on longer term investment returns <sup>2</sup>	£2,358m	£2,044m	15%	5%
Underlying free surplus generated <sup>2,6</sup>	£1,845m	£1,615m	14%	6%
Life new business profit <sup>2,5</sup>	£1,689m	£1,257m	34%	20%
IFRS profit after tax <sup>1</sup>	£1,505m	£687m	119%	109%
Net cash remittances from business units	£1,230m	£1,118m	10%	-

  

	2017 Half year	2016 Full year	Change on AER basis
IFRS shareholders' funds	£15.4bn	£14.7bn	5%
EEV shareholders' funds	£40.5bn	£39.0bn	4%
Group Solvency II capital surplus <sup>7,8</sup>	£12.9bn	£12.5bn	3%

1. Based on longer-term investment returns.
2. Following its sale in May 2017, the operating results exclude the contribution of the Korea life business. All comparative results have been similarly adjusted.
3. Period-on-period percentage increases are stated on a constant exchange rate basis unless otherwise stated. All amounts are comparable to the six months ended 30 June 2016 unless otherwise indicated.
4. Growth rate on an actual exchange rate basis.
5. New business profit on business sold in the period, calculated in accordance with EEV principles.
6. Underlying free surplus generated based on operating movements from long-term business (net of investment in new business) and that generated from asset management operations. Further information is set out in note 10 of the EEV basis results.
7. The Group shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimate of transitional measures reflecting operating and market conditions at the valuation date. The estimated Group shareholder surplus would increase from £12.9 billion to £13.6 billion at 30 June 2017 if the approved regulatory transitional amount was applied instead.
8. Before allowing for first interim dividend (31 December 2016: Second interim dividend).
9. External net inflows exclude Asia Money Market Fund (MMF) net inflows of £499 million (2016: net inflows of £656 million on an actual exchange rate basis).
10. ©2017 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. 1Q 2017 Morningstar VA Report with Commentary.
- 11.

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IFRS profit after tax reflects the combined effects of operating results, negative short-term fluctuations in investments variances, result attaching to the sold Korea life business and the total tax charge for the year.

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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 results prepared under IFRS form the basis of the Group's statutory financial statements. The supplementary EEV basis results have been prepared in accordance with the amended European Embedded Value Principles dated April 2016 prepared by the European Insurance CFO Forum. The Group's EEV basis results are stated on a post-tax basis and include the post-tax IFRS basis results of the Group's asset management and other operations. Period-on-period percentage increases are stated on a constant exchange rate basis unless otherwise stated. Constant exchange rates results are calculated by translating prior period results using the current period foreign exchange rate i.e. current period average rates for the income statement and current period closing rates for the balance sheet.

2.

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

3.

Operating profit is determined on the basis of including longer-term investment returns. EEV and IFRS operating profit is stated after excluding the effect of short-term fluctuations in investment returns against long-term assumptions. Furthermore, 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. Separately on the IFRS basis, operating profit also excludes amortisation of accounting adjustments arising principally on the acquisition of REALIC completed in 2012 and the cumulative foreign exchange gain on the disposal of the Korea life business that was recycled from Other Comprehensive Income on completion of the sale process in 2017.

4.

Total number of Prudential plc shares in issue as at 30 June 2017 was 2,585,853,418.

5.

A presentation for analysts and investors will be held today at 11.30am (UK) / 6.30pm (Hong Kong) in the conference suite at Nomura International plc, 1 Angel Lane, London EC4R 3AB. The presentation will be webcast live and as a replay on the corporate website via the link below:  
<http://www.prudential.co.uk/investors/results-centre>

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 11.00am (UK) / 6.00pm (Hong Kong)). Dial-in: +44 (0) 20 3059 8125 / 0800 368 0649 (Freephone UK), Passcode: 'Prudential' (this must be quoted to the operator to gain access to the call). Playback: +44 (0) 121 260 4861 (UK and international excluding US) / + 1 844 2308 058 (US only) Passcode: 6695475#. This will be available from approximately 2.30pm (UK) / 9.30pm (Hong

Kong) on 10 August 2017 until 11.59pm (UK) on 24 August 2017 and 6.59am (Hong Kong) on 25 August 2017.

6.  
2017 First Interim Dividend

	23 August 2017 (Singapore)
Ex-dividend date	24 August 2017 (UK, Ireland and Hong Kong)
Record date	25 August 2017
	28 September 2017 (UK, Ireland and Hong Kong)
Payment of dividend	On or about 5 October 2017 (Singapore) On or about 5 October 2017 (ADR holders)

7.  
About Prudential plc

Prudential plc and its affiliated companies constitute one of the world's leading financial services groups, serving around 24 million insurance customers, with £635 billion of assets under management (as at 30 June 2017). Prudential plc is incorporated in England and Wales and is listed on the stock exchanges in London, Hong Kong, Singapore and New York. 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.

8. Forward-Looking Statements

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed 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, including fluctuations in interest rates and exchange rates the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the

UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or 'G-SII'; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, 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 internal projects and other strategic actions failing to meet their objectives; the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the

jurisdictions in which Prudential and its affiliates operate; and the impact of legal and regulatory actions, investigations 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 'Risk Factors' heading in this document.

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document 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 UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

#### Summary Half Year 2017 financial performance

#### Financial highlights

#### Life APE new business sales (APE sales)<sup>1</sup>

	Actual Exchange Rate			Constant Exchange Rate	
	2017 £m	2016 £m	Change %	2016 £m	Change %
	Half year	Half year		Half year	
Asia <sup>2</sup>	1,943	1,605	21	1,814	7
US	960	782	23	889	8
UK	721	593	22	593	22
Total Group <sup>2</sup>	3,624	2,980	22	3,296	10

#### Life EEV new business profits and investment in new business

	Actual Exchange Rate				Constant Exchange Rate					
	2017 Half year £m		2016 Half year £m		Change %		2016 Half year £m		Change %	
	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus invested in new business	New Business Profit	Free surplus investment in new business	New Business Profit	Free surplus investment in new business	New Business Profit	Free surplus investment in new business
Asia <sup>2</sup>	1,092	283	821	228	33	24	928	257	18	10
US	436	246	311	209	40	18	354	238	23	3
UK	161	42	125	56	29	(25)	125	56	29	(25)
Total Group <sup>2</sup>	1,689	571	1,257	493	34	16	1,407	551	20	4

#### IFRS Profit

	Actual Exchange Rate			Constant Exchange Rate	
	2017 £m	2016 £m	Change %	2016 £m	Change %
	Half year	Half year		Half year	
Operating profit before tax based on longer-term investment returns <sup>3</sup>					
Long-term business:					
Asia <sup>2</sup>	870	667	30	752	16

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US	1,079	888	22	1,010	7
UK	480	473	1	473	1
Long-term business operating profit before tax <sup>2</sup>	2,429	2,028	20	2,235	9
UK general insurance commission	17	19	(11)	19	(11)
Asset management business:					
M&G	248	225	10	225	10
Prudential Capital	6	13	(54)	13	(54)
Eastspring Investments	83	61	36	69	20
US	(6)	(12)	50	(13)	54
Other income and expenditure	(419)	(333)	(26)	(342)	(23)
Total operating profit based on longer-term investment returns before tax and interest received from tax settlement <sup>2</sup>	2,358	2,001	18	2,206	7
Interest received from tax settlement	-	43	n/a	43	n/a
Total operating profit based on longer-term investment returns before tax <sup>2</sup>	2,358	2,044	15	2,249	5
Non-operating items:					
Result attaching to the sold Korea life business	61	40	53	47	30
Other non-operating items	(605)	(1,420)	57	(1,619)	63
Profit before tax attributable to shareholders	1,814	664	173	677	168
Tax (charge)/credit attributable to shareholders' returns	(309)	23	n/a	43	n/a
Profit for the period attributable to shareholders	1,505	687	119	720	109

Post-tax profit - EEV4

	Actual Exchange Rate			Constant Exchange Rate	
	2017 £m	2016 £m	Change %	2016 £m	Change %
Post-tax operating profit based on longer-term investment returns					
Long-term business:					
Asia <sup>2</sup>	1,641	1,209	36	1,361	21
US	888	694	28	789	13
UK	465	384	21	384	21
Long-term business post-tax operating profit <sup>2</sup>	2,994	2,287	31	2,534	18
UK general insurance commission	14	15	(7)	15	(7)
Asset management business:					
M&G	201	181	11	181	11
Prudential Capital	5	11	(55)	11	(55)
Eastspring Investments	73	53	38	60	22
US	(4)	(8)	50	(9)	56
	(41)	(319)	(29)	(326)	(27)

Other income and expenditure					
Post-tax operating profit based on longer-term investment returns before interest received from tax settlement <sup>2</sup>	2,870	2,220	29	2,466	16
Interest received from tax settlement	-	37	n/a	37	n/a
Post-tax operating profit based on longer-term investment returns <sup>2</sup>	2,870	2,257	27	2,503	15
Non-operating items:					
Result attaching to the sold Korea life business	-	(11)	100	(12)	100
Other non-operating items	427	(852)	n/a	(985)	n/a
Post-tax profit for the period attributable to shareholders	3,297	3,394	137	1,506	119

Basic earnings per share<sup>2</sup> - based on operating profit after tax

Actual Exchange Rate	Constant Exchange Rate	2017	2016	Change	2016	Change
2017	2016	pen	pence	%	pence	%
Half	Half	year	year		year	year
IF	70.5	1.3	14		67.6	4
EM	88.2	27			97.8	14

Underlying free surplus generated<sup>4,5</sup>

	Actual Exchange Rate				Constant Exchange Rate					
	2017 £m		2016 £m		Change %		2016 £m		Change %	
	Long-term	Total	Long-term	Total	Long-term	Total	Long-term	Total	Long-term	Total
Asia <sup>2</sup>	480	553	372	425	29	30	422	482	14	15
US	555	551	492	484	13	14	559	550	(1)	-
UK	521	535	499	514	4	4	499	514	4	4
M&G	-	201	-	181	-	11	-	181	-	11
Prudential Capital	-	5	-	11	-	(55)	-	11	-	(55)
Total Group <sup>2</sup>	1,556	1,845	1,363	1,615	14	14	1,480	1,738	5	6



Cash remitted by the business units to the Group<sup>6</sup>

	2017 £m	2016 £m	
	Half year	Half year	Change %
	Total	Total	Total
Asia	350	258	36
US	475	339	40
UK Life	215	215	-
M&G	175	150	17
Prudential Capital	15	25	(40)
Other UK	-	131	(100)
Total Group	1,230	1,118	10

Cash and capital

	2017	2016	
	Half year	Half year	Change %
First interim dividend per share relating to the reporting period	14.50p	12.93p	12
Holding company cash and short-term investments	£2,657m	£2,546m	4
Group Solvency II capital surplus <sup>7,8</sup>	£12.9bn	£9.1bn	42
Group Solvency II capital ratio <sup>7,8</sup>	202%	175%	+27pp

Group shareholders' funds (including goodwill attributable to shareholders)

	2017	2016	
	Half year	Half year	Change %
IFRS	£15.4bn	£14.6bn	5
EEV	£40.5bn	£35.0bn	16

Return on IFRS shareholders' funds<sup>9</sup>

	2017 %	2016 %
	Half year	Half year
Return on IFRS shareholders' funds <sup>9</sup>	24	24
Return on embedded value <sup>9</sup>	15	14

	2017	2016	
	Half year	Half year	Change %
EEV shareholders' funds per share (including goodwill attributable to shareholders)	1,567p	1,356p	16
EEV shareholders' funds per share (excluding goodwill attributable to shareholders)	1,510p	1,299p	16

2017 financial objectives<sup>2,10</sup>

	2012	2013	2014	2015	2016	Half year	CAGR	Objectives
	£m	£m	£m	£m	£m	2017	(since 2012)	2017/10
						£m	%	
Asia Objectives								
Asia life and asset management IFRS operating profit								
Full year	909	1,058	1,108	1,286	1,644			>£1,826 million

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Reported actuals							
Constant exchange rate11	884	1,058	1,228	1,430	1,641		>15% CAGR
Constant exchange rate change % (year-on-year)	-	20	16	16	15	17	
Half year Reported actuals	427	504	508	613	728	953	
Constant exchange rate11	411	504	566	665	772	889	
Constant exchange rate change % (year-on-year)	-	23	12	17	16	15	
Asia Underlying Free Surplus Generation							
Full year Reported actuals	468	565	599	666	859		£0.9 - £1.1 billion
Constant exchange rate11	454	565	669	758	872		
Constant exchange rate change % (year-on-year)	-	24	18	13	15		
Half year Reported actuals	194	290	303	344	425	553	
Constant exchange rate11	185	290	336	380	459	537	
Constant exchange rate change % (year-on-year)	-	57	16	13	21	17	

Group Objective for cumulative period 1 January 2014 to 31 December 2017

Actual	Objective
1 Jan 2014 to 30 June 2017	1 Jan 2014 to 31 December 2017

Cumulative Group Underlying Free Surplus Generation<sup>5</sup> from 2014 onwards £11.1 billion > £10 billion

APE sales is a measure of new business activity that is calculated as the sum of annualised regular premiums from new business plus 10 per cent of single premiums on new business written during the period for all insurance products, including premiums for contracts designated as investment contracts under IFRS 4. It is not representative of premium income recorded in the IFRS financial statements. Further explanation of the differences is included in Note D of the Additional EEV financial information.

Following its sale in May 2017, the operating results exclude the contribution of the Korea life business. All comparative results have been similarly adjusted. The relevant 2017 objective (Asia IFRS operating profit) has been adjusted.

IFRS operating profit is management's primary measure of profitability and provides an underlying operating result based on longer-term investment returns and excludes non-operating items. Further information on its definition and reconciliation to profit for the period is set out in note B1 of the IFRS financial statements. This measure is described further in the "Our performance" section of the Strategic Report in the 2016 Annual Report.

Embedded value reporting provides investors with a measure of the future profit streams of the Group. The EEV basis results have been prepared in accordance with EEV principles discussed in note 1 of EEV basis results. A reconciliation between IFRS and the EEV shareholder funds is included in Note C of the Additional EEV financial information.

Underlying free surplus generated comprises underlying free surplus generated from the Group's long-term business (net of investment in new business) and that generated from asset management operations. Further information is set out in note 10 of the EEV basis results.

Cash remitted to the Group form part of the net cash flows of the holding company. A full holding company cash flow is set out in Note II (a) of Additional IFRS financial information. This differs from the IFRS Consolidated Statement of Cash Flows which includes all cash flows relating to both policyholders and shareholders' funds. The holding company cash flow is therefore a more meaningful indicator of the Group's central liquidity.

Estimated before allowing for first interim dividend.

The Group shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimate of transitional measures reflecting operating and market conditions at the valuation date. The estimated Group shareholder surplus would increase from £12.9 billion to £13.6 billion at 30 June 2017 if the approved regulatory transitional amount was applied instead.

Annualised operating profit after tax and non-controlling interests as a percentage of opening shareholders' funds.

The objectives assume exchange rate at December 2013 and economic assumptions made by Prudential in calculating EEV basis supplementary information for the half year objectives ended 30 June 2013, and are based on regulatory and solvency regimes applicable across the Group at the time the objectives were set. The objectives assume the existing EEV, IFRS and Free Surplus methodology at December 2013 will be applicable over the period.

Constant exchange rates results translated at using exchange rates at December 2013.

## Group Chief Executive's Report

In the first half of 2017, the performance of the Group has been underpinned by the successful execution of our strategy, driven by the strength of our capabilities and the quality of our products.

Prudential helps to remove uncertainty from the most significant financial moments in the lives of our customers. We provide financial protection against unexpected events such as the diagnosis of critical illness or the loss of a loved one, the opportunity to turn savings into reliable retirement income and the ability to look to the future with confidence. At the same time, we put our customers' money to work by investing in the real economy, fuelling growth and improving the quality of people's lives in the communities in which we work.

Our strategy is focused on markets where the opportunities for us are strongest. In each of these markets, we are developing our product range and improving our distribution and technological capabilities in order to meet the needs of customers as fully as we can.

We are today also announcing an important step forward for our UK businesses. We are combining M&G and Prudential UK & Europe to create a savings and investments business focused on meeting growing customer demand for comprehensive financial solutions. Combining these businesses will allow us to better leverage our considerable scale and capabilities. This will enable us to increase our growth prospects by providing better outcomes for our millions of customers.

#### Our first half financial performance

We have continued to make progress in the first half, building on the positive business momentum seen in the second half of 2016.

Our life businesses in Asia remain the key driver of growth for the Group, with a double-digit increase in our profitability, capital generation and cash metrics, as we continue to build out our capabilities and increase our scale across the region. We have also seen a positive performance from our asset management operations, with combined net inflows<sup>1</sup> from external clients at record levels for the period. In our UK life business, consumer appetite for our distinctive PruFund product proposition is supporting high levels of growth in new business sales, while in the US Jackson continues to outperform its peers in the variable annuity market<sup>2</sup>.

The Group remains well positioned for growth in its target markets and in the first six months of 2017 generated a 20 per cent<sup>5</sup> increase (34 per cent on an actual exchange rate basis) in new business profit<sup>3</sup> to £1,689 million. This reflects our continued prioritisation of growth in attractive product lines in each of Asia, the US and the UK.

Group IFRS operating profit based on longer-term investment returns<sup>4</sup> increased by 5 per cent<sup>5</sup> (15 per cent on an actual exchange rate basis) to £2,358 million, reflecting growth in Asia, the US and in our UK asset management operations. IFRS operating profit continues to benefit from the recurring nature of our earnings and our focus on income from protection and fee business.

Free surplus generation<sup>6</sup>, our preferred measure of cash generation, increased by 6 per cent<sup>5</sup> (14 per cent on an actual exchange rate basis) to £1,845 million after financing investment in new business. With the first-half contribution, we have now exceeded the financial objective we set in December 2013 to generate over £10 billion of Group cumulative free surplus between 1 January 2014 and 31 December 2017 six months early. We remain on track to achieve our Asia objectives by the end of this year.

In Asia, the addition of long-term, high-quality new business is building scale in our in-force portfolio, which underpins growth and security in current and future earnings and cash generation. New business profit<sup>3</sup> was 18 per cent<sup>5</sup> higher (33 per cent on an actual exchange rate basis), with double-digit percentage growth or higher in eight countries, driven by improvements in both agency and bancassurance channels and by our continued focus on health and protection. IFRS operating profit<sup>4</sup> in Asia increased by 16 per cent<sup>5</sup>, with free surplus generation<sup>6</sup> up 15 per cent<sup>5</sup> (up 31 per cent and 30 per cent on an actual exchange rate basis respectively). Our Asia-based asset manager, Eastspring, ended the period with total funds under management of £131 billion, 11 per cent higher on an actual exchange rate basis than at the start of the year.

In the US, Jackson's variable annuity business continues to drive earnings, with IFRS operating profit<sup>4</sup> in this product line increasing by 17 per cent on higher asset balances that reflect continued positive net flows and market appreciation. Our business was well prepared for the application of the Department of Labor reforms on 9 June and has maintained relationships with its key distribution partners. Although some uncertainty remains on the direction of the regulatory process, we continue to develop products and distribution that meet the needs and preferences of the

market, backed by a distinctive value proposition that differentiates Jackson from its peers.

In the UK and Europe, M&G and our life operations are both securing significant business flows, driven by the strength of their product performance and market position. At M&G, institutional net inflows of £1.7 billion and record retail net inflows of £5.5 billion have contributed to period-end assets under management on behalf of external clients of £149 billion. Together with internal assets, M&G's total assets under management have increased by 6 per cent to £281 billion since the end of 2016, resulting in a 10 per cent increase in IFRS operating profit<sup>4</sup>. In our UK life operations, new business profit<sup>3</sup> increased by 29 per cent, reflecting growth in flexible personal pensions, backed by the popular PruFund investment option.

We continue to operate with strong, conservatively managed cash and capital positions at both the Group and local levels. Cash remittances from our business units to the Group increased by 10 per cent to £1,230 million (2016: £1,118 million), with well-balanced contributions across all of our geographic regions. The Group's shareholder Solvency II capital surplus<sup>7</sup> was £12.9 billion at 30 June 2017, equating to cover of 202 per cent<sup>8</sup>.

Over the period IFRS shareholders' funds increased by 5 per cent<sup>9</sup> to £15.4 billion after taking into account profit after tax of £1,505 million (2016: £687 million on an actual exchange rate basis) and other movements including negative foreign exchange movements of £224 million. EEV shareholders' funds increased by 4 per cent<sup>9</sup> to £40.5 billion, equivalent to 1,567 pence per share.

#### A clear and consistent strategy

This performance demonstrates the success of our clear and consistent strategy, which is focused on three long-term opportunities in Asia, the US and the UK, each driven by a structural and growing demand for our products.

In Asia we offer products that meet the savings, health and protection needs of the region's fast-growing and increasingly affluent middle class. Over the next five years, nearly 700 million people in Asia are expected to enter the middle class<sup>10</sup>, driving sustained and material growth in consumer demand. By 2020, the spending of the middle class in the Asia-Pacific region is expected to surpass that of the US and Europe combined<sup>10</sup>.

The rapidly increasing scale of the Asian middle class is creating a growing need for the financial savings and protection products we provide. Those needs are largely unmet today, with the protection gap in Asia estimated at \$45 trillion<sup>11</sup> and private health insurance in some areas accounting for less than a quarter of private healthcare spend<sup>12</sup>, while insurance penetration remains extremely low<sup>13</sup>. As a result, there is a clear market opportunity for our products in Asia.

The United States is the world's largest retirement savings market, with 10,000 Americans retiring per day<sup>14</sup>, which is a significant opportunity for us as a provider of retirement products and income strategies. Consumers in the US express clear demand for an investment option through which they can grow their savings while protecting income. Our variable annuity products meet this need, making them attractive for people moving into retirement. More than \$16 trillion is invested in adviser-distributed retirement assets in the US<sup>15</sup>, while variable annuities account for just \$2 trillion<sup>16</sup> of that amount, demonstrating the scale of the opportunity for us.

There is a similar demand from under-saved populations in Europe. In the United Kingdom the proportion of the population aged over 60 is expected to increase by 50 per cent over the next 20 years<sup>17</sup>. As in the US, the demand for risk-managed investments to fund retirement represents a significant area of growth for our business. Our new combined business, M&G Prudential, will leverage our scale, financial strength and capabilities to continue developing customer-focused solutions and thereby more fully address these needs.

#### Our customers and products

We address all three of these long-term opportunities through our close attention to the needs of our customers and by continually improving our products and capabilities to meet those needs.

In Asia, our broad-based portfolio of businesses continues to drive our progress. We remain focused on the quality of our execution in addressing distinct consumer needs and opportunities in each of our local markets. In Hong Kong, our track record of introducing innovative features to our range of health and savings products has established us as a leader in the growing critical illness protection segment, and in June we strengthened that track record with the launch of a new lump-sum health insurance policy providing whole of life cover against 75 early to late stage disease conditions. In mainland China, our long-term joint-venture partnership with CITIC is reaching more customers than ever, and China is now our third-largest contributor to new business sales in Asia. We are continuing to build the scale of our platform in China, through expansion of our bancassurance and agency distribution, and by launching in new cities such as Taizhou, our 72nd city, in Zhejiang province in July.

In Singapore, we have introduced more flexibility for customers buying private healthcare insurance with market-leading product options to encourage healthy living and help them better manage their healthcare budgets. We also introduced our first DNA-based health and nutrition programme in Singapore, following the successful launch in Hong Kong last year. In Indonesia, we launched a new medical rider, PRUprime healthcare, in February, followed by its syariah version in April. Designed to meet the needs of customers in a higher economic segment, it includes among its features worldwide coverage with emergency hospitalisation in the US and cashless admission at a network of Prudential partner hospitals in Indonesia, Singapore and Malaysia.

Eastspring continues to attract good levels of net inflows and in May won Asian Investor's prestigious Asia Fund House of the Year award for the second time in three years. In June Eastspring became the first Asian investor to sign an agreement with International Finance Corporation, a member of the World Bank Group, committing US\$500 million to a programme to fund infrastructure projects in emerging markets. This is an example of our commitment to the economies and communities of developing countries.

In the United States, we are continuing to develop our business to ensure that we capture the opportunity presented by the large numbers of Americans reaching retirement age in the next decade. As regulatory developments and industry trends introduce new areas of growth potential in variable annuities, for example in the fee-based advice market, we are adapting our product accordingly, while using our superior platform and distribution capabilities to drive speed-to-market. During the first half of 2017, we launched a fee-based version of our popular Elite Access product, filed a new fee-based version of our leading Perspective variable annuity and saw Jackson maintain relationships with its key distributors post the application of the Department of Labor's fiduciary rule on 9 June. We remain well positioned to build on our strength in the US retirement market.

Our businesses in the UK are serving customers with needs similar to those of consumers in the US. At M&G, we are developing the breadth and the depth of our offering, designing products that align to the outcomes our customers are looking to achieve. Our strong track record of translating innovative investment strategies to commercial success distinguishes M&G from its peers. Our Global Floating Rate High Yield Fund is a clear example of this, offering customers participation in a rising rate environment through investment in high-yield floating-rate notes. Launched in September 2014, it attracted net inflows of £2,259 million in the first half of 2017 and now has assets under management of over £3.5 billion. We are also making good operational progress in our preparations for Brexit, including setting up a new legal structure and SICAV fund range in Luxembourg. These initiatives will ensure that customers retain access to our investment strategies and funds through the most appropriate structure for their needs.

Prudential UK & Europe is responding with agility to regulatory change and consumer preferences following the pensions freedoms introduced in 2015. The strength of our retail sales growth shows how the extension of our popular PruFund investment option to ISAs and retirement products, is meeting customers' demand for proven investment capability and risk-managed solutions as they move towards the latter stages of accumulation and into retirement income. Our Retirement Account provides a flexible Personal Pension which allows customers to save through single

or regular payments, transfer from another pension and take income flexibly, and has proven popular with customers, accumulating funds under management of £4.1 billion since its launch at the end of 2016.

Since 2014 we have also been offering our products to a new and growing middle class in Africa, and just last month we entered our fifth African market, Nigeria, building on our success in Ghana, Kenya, Uganda and Zambia. The conditions for growth in these markets are similar to those in Asia 20 years ago, and we are excited about the long-term outlook for our new businesses in the region.

#### Our capabilities

We continue to invest in our capabilities across the organisation. We are developing a range of digital innovations that will enable us to serve our customers at greater scale and speed, and we continue to invest in talent. In July, we welcomed Mark FitzPatrick to our executive team as Chief Financial Officer, succeeding Nic Nicandrou, who has taken over from Tony Wilkey as Chief Executive of PCA. Mark brings with him significant experience and knowledge of the sector and I am confident that Nic will lead our Asian business to further success.

#### Our outlook – long-term growth

Our ability to serve the needs of consumers across the wide footprint of our target markets creates value for our customers and our shareholders. Our strategy is focused on markets where the need for our products is strong and growing, and we continue to develop our products and our capabilities to ensure that we access those opportunities to the fullest.

Global economic conditions remain uncertain and markets remain volatile. However, the strength of the underlying opportunities we are accessing and our proven ability to innovate to create new products and develop our capabilities, along with our ongoing focus on risk management and the strength of our balance sheet, leave us well positioned to continue to grow profitably into the future.

1 External net inflows exclude Asia Money Market Fund (MMF) net inflows of £499 million (2016: net inflows of £656 million on an actual exchange rate basis).

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2 or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. 1Q 2017 Morningstar VA Report with Commentary.

3 Embedded value reporting provides investors with a measure of the future profit streams of the Group. The EEV basis results have been prepared in accordance with EEV principles discussed in note 1 of EEV basis results. A reconciliation between IFRS and the EEV shareholder funds is included in Note C of the Additional EEV financial information.

4 IFRS operating profit is management's primary measure of profitability and provides an underlying operating result based on longer-term investment returns and excludes non-operating items. Further information on its definition and reconciliation to profit for the period is set out in note B1 of the IFRS financial statements. This measure is described further in the "Our performance" section of the Strategic Report in the 2016 Annual Report.

5 Following its sale in May 2017, the operating results exclude the contribution of the Korea life business. The half year 2016 comparative results have been similarly adjusted.

6 Underlying free surplus generated based on operating movements from long-term business (net of investment in new business) and that generated from asset management operations. Further information is set out in note 10 of the EEV basis results.

7 The Group shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring fenced With-Profit Funds and staff pension schemes in surplus. The solvency positions include management's estimate of transitional measures reflecting operating and market conditions at the valuation

date. The estimated Group shareholder surplus would increase from £12.9 billion to £13.6 billion at 30 June 2017 if the approved regulatory transitional amount was applied instead.

8 Before allowing for first interim dividend (31 December 2016: Second interim dividend).

9 Comparable to 31 December 2016 on an actual exchange rate basis.

10 Brookings Institution, The Unprecedented Expansion of the Global Middle Class, 2017.

11 Swiss Re, Mortality Protection Gap: Asia-Pacific, 2015.

12 World Bank, Out-of-pocket health expenditure, 2014

13 OECD, Global Insurance Market Trends, 2016.

14 Social Security Administration, Annual Performance Plan 2012.

15 Cerulli Associates – US Advisor Metrics 2016.

16 LIMRA/SRI U.S. Individual Annuities Executive Summary 1Q YTD 2017

17 UK Government Office for Science, Future of an Ageing Population, 2016.

Chief Financial Officer's report on the 2017 first half financial performance

Prudential has made a good start to 2017, with increases in all of our key performance metrics, reflecting progression in the Group's underlying earnings drivers together with the beneficial impact of positive investment market conditions and favourable currency effects. The consistency of our performance is driven by the alignment of our business to the most attractive opportunities, the quality of our franchises in those markets and our ability to adapt with speed and agility to changes in economic and regulatory conditions, both globally and locally. At a Group level, our results benefit from diversification by geography, product and distribution channel, our focus on recurring income streams that are less exposed to market movements and the capital generative nature of our business model.

In Asia, we have achieved double-digit growth in both IFRS operating profit and free surplus generation, reflecting the increasing scale and diversification of our long-term recurring premium business. We continue to take decisive actions to preserve the quality of the business that we write, building the contribution from health and protection income and improving the overall economic returns of the new business portfolio.

In the US and the UK, our financial progress is underpinned by the accumulation of assets on which we earn fees. In each of these markets, our businesses have seen strong net inflows in the first half, demonstrating their competitive positioning in product, distribution and service capabilities. Asset values were also boosted by positive investment market movements in the period.

With Group operating free surplus generation of £1.8 billion in the first half of 2017, the Group has reported cumulative underlying free surplus generation of £11.1 billion since 2014, achieving our objective of generating over £10 billion of Group cumulative free surplus between 1 January 2014 and 31 December 2017 six months early. We remain on track to achieve the remaining Asia-focused objectives by the end of this year.

Despite the uncertainty caused by the outcome of the general election in the UK, sterling has strengthened slightly against most of the currencies in our major international markets since the beginning of the year. However, average sterling exchange rates in the first half of 2017 were significantly lower than in the same period in 2016, contributing to a positive effect on the translation of results from our non-sterling operations. To aid comparison of underlying progress, we continue to express and comment on the performance trends of our Asia and US operations on a constant currency basis.

The key operational highlights in the first half of 2017 were as follows:

New business profit was 20 per cent<sup>1</sup> higher at £1,689 million (up 34 per cent on an actual exchange rate basis), reflecting higher sales volumes and more favourable economics. Strong growth in new business profit was achieved across our life businesses in Asia, the US and the UK which were up 18 per cent<sup>1</sup>, 23 per cent and 29 per cent



respectively.

IFRS operating profit based on longer-term investment returns was 5 per cent<sup>1</sup> higher at £2,358 million (up 15 per cent on an actual exchange rate basis), equivalent to an annualised 24 per cent<sup>2</sup> return on opening IFRS shareholders' funds. The Group's performance was driven by our Asia life and asset management operations which saw IFRS operating profit increase 16 per cent<sup>1</sup> to £953 million on growth in the in-force portfolio. In the US, total IFRS operating profit was up 8 per cent, driven by increased levels of fee income on higher separate account balances. In the UK, IFRS operating profit from our insurance and asset management operations increased by 4 per cent<sup>3</sup>, due to stronger contributions from management actions in the life business and higher assets under management at M&G.

Underlying free surplus generation<sup>4</sup>, our preferred measure of cash generation from our life and asset management businesses, increased by 6 per cent<sup>1</sup> to £1,845 million after financing new business growth, reflecting a higher contribution from our growing in-force book of business and continued discipline of focusing on high-return new business with fast payback periods. On an actual exchange rate basis the growth in this measure was 14 per cent.

Group shareholders' Solvency II capital surplus was estimated at £12.9 billion<sup>5,6</sup> at 30 June 2017, equivalent to a cover ratio of 202 per cent (31 December 2016: £12.5 billion, 201 per cent). The movement since the start of the year primarily reflects the Group's continuing strong operating capital generation, partially offset by the payment of the 2016 second interim dividend.

Investment markets have been generally supportive through the period, with equity markets trending upwards and more stability in bond and currency markets compared with 2016. The recovery in equity markets towards the end of 2016 has continued into 2017, with the S&P 500 index up 8 per cent and the FTSE 100 index gaining 2 per cent in the first six months. Longer-term yields at 30 June 2017 were almost unchanged from those at the start of the year in the UK and down slightly in the US. In Asia, where yield movements have been more pronounced, our IFRS operating earnings are largely insensitive to interest rates. Overall, we continue to reduce the sensitivity of our earnings and balance sheet to investment markets, but remain significant long-term holders of financial assets to back the commitments that we have made to our customers. Short-term fluctuations in both these assets and related liabilities are reported outside the operating result, which is based on longer-term investment return assumptions. In the first half of 2017, these short-term fluctuations were overall negative, driven by the effect of higher equity markets on our hedging programme in the US. In the first half of the year total IFRS post tax profit was up at £1,505 million (2016: £720 million on a constant exchange rate basis) and total EEV after-tax profit was also higher at £3,297 million (2016: £1,506 million on a constant exchange rate basis).

Reflecting the strong operating results, the Group's IFRS shareholders' equity increased by 5 per cent<sup>7</sup> over the six month period to £15.4 billion (31 December 2016: £14.7 billion), with the Group's EEV basis shareholders' equity up 4 per cent<sup>7</sup> to £40.5 billion (31 December 2016: £39.0 billion).

#### IFRS Profit

	Actual Exchange Rate			Constant Exchange Rate	
	2017 £m Half year	2016 £m Half year	Change %	2016 £m Half year	Change %
Operating profit before tax based on longer-term investment returns					
Long-term business:					
Asia <sup>1</sup>	870	667	30	752	16
US	1,079	888	22	1,010	7
UK	480	473	1	473	1
Long-term business operating profit before tax <sup>1</sup>	2,429	2,028	20	2,235	9
UK general insurance commission	17	19	(11)	19	(11)

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Asset management business:

M&G	248	225	10	225	10
Prudential Capital	6	13	(54)	13	(54)
Eastspring Investments	83	61	36	69	20
US	(6)	(12)	50	(13)	54
Other income and expenditure <sup>8</sup>	(419)	(333)	(26)	(342)	(23)
Total operating profit based on longer-term investment returns before tax and interest received from tax settlement <sup>1</sup>	2,358	2,001	18	2,206	7
Interest received from tax settlement	-	43	n/a	43	n/a
Total operating profit based on longer-term investment returns before tax <sup>1</sup>	2,358	2,044	15	2,249	5
Non-operating items:					
Result attaching to the sold Korea life business	61	40	53	47	30
Other non-operating items <sup>8</sup>	(605)	(1,420)	57	(1,619)	63
Profit before tax attributable to shareholders	1,814	664	173	677	168
Tax (charge)/credit attributable to shareholders' returns	(309)	23	n/a	43	n/a
Profit for the period attributable to shareholders'	1,505	687	119	720	109

IFRS Earnings per share

	Actual Exchange Rate			Constant Exchange Rate	
	2017 pence Half year	2016 pence Half year	Change %	2016 pence Half year	Change %
Basic earnings per share based on operating profit after tax	70.0	61.3	14	67.6	4
Basic earnings per share based on total profit after tax	58.7	26.9	118	28.2	108

IFRS Operating Profit based on longer-term investment returns

Total IFRS operating profit increased by 5 per cent<sup>1</sup> (15 per cent on an actual exchange rate basis) in the first half of 2017 to £2,358 million.

Asia total operating profit of £953 million was 16 per cent<sup>1</sup> higher (31 per cent on an actual exchange rate basis), with continued strong growth in both life insurance and asset management through Eastspring.

US total operating profit at £1,073 million increased by 8 per cent (22 per cent increase on an actual exchange rate basis), reflecting increased levels of fee income on higher variable annuity account balances.

UK total operating profit of £497 million was in line with the first half of 2016, with lower shareholder annuity profits offset by larger contributions from management actions.

M&G operating profit was 10 per cent higher at £248 million, driven by increased funds under management as a result of asset inflows and positive markets.

Life insurance operations: Taken together, IFRS operating profit from our life insurance operations in Asia, the US and the UK increased 9 per cent<sup>1</sup> to £2,429 million (20 per cent on an actual exchange rate basis).

IFRS operating profit in our life insurance operations in Asia was 16 per cent<sup>1</sup> higher at £870 million (up 30 per cent on an actual exchange rate basis), as a result of the continued growth of our in-force book of recurring premium

business. Insurance margin was 24 per cent higher and accounted for 69 per cent of operating income<sup>9</sup>, reflecting our ongoing preference for health and protection. Following strong recent growth in sales volumes, particularly in health and protection through our agency channel, the contribution to IFRS operating profit from China and Hong Kong combined has become more significant to the overall total, accounting for 23 per cent compared with 17 per cent one year ago. IFRS operating profit from Indonesia was 5 per cent higher (up 20 per cent on an actual exchange rate basis) and on the same basis Singapore was 6 per cent higher (up 20 per cent on an actual exchange rate basis).

In the US, life IFRS operating profit was up 7 per cent at £1,079 million (up 22 per cent on an actual exchange rate basis), reflecting increased profits from our variable annuity business. US equity markets rallied towards the end of 2016 and have risen further during the first half of 2017, which together with continued positive net asset flows of £2.0 billion, has led to separate account balances that were on average 16 per cent higher than in the prior year period. As a result, fee income was up 15 per cent at £1,145 million driven by fees earned on separate account assets. Spread-based income decreased by 6 per cent, as anticipated, reflecting the impact of lower yields on our fixed annuity portfolio.

UK life IFRS operating profit increased by 1 per cent to £480 million. Within this total, the contribution from our core in-force book has remained relatively stable at £288 million (2016: £306 million). Profits from new annuity business reduced to £4 million from £27 million in the prior period, reflecting our withdrawal from this market. We have taken a number of asset and liability actions (including longevity reinsurance) in the first half of 2017 to improve portfolio efficiency which have generated combined profits of £188 million (2016: £140 million).

The increase in our IFRS operating earnings levels reflects the growth in the scale of our operations, driven primarily by positive business flows. We track the progress that we make in growing our life insurance business by reference to the scale of our obligations to our customers, which are referred to in the financial statements as policyholder liabilities. Each period these increase as we write new business and collect regular premiums from existing customers and decrease as we pay claims and policies mature. The overall scale of these policyholder liabilities is relevant in evaluation of our profit potential in that it reflects, for example, our ability to earn fees on the unit-linked element and indicates the scale of the insurance element, another key source of profitability for the Group.

#### Shareholder-backed policyholder liabilities and net liability flows<sup>10</sup>

	2017 £m				2016 £m			
	Half year		Actual Exchange Rate		Half year		Actual Exchange Rate	
	At 1 January 2017	Net liability flows <sup>11</sup>	Market and other movements	At 30 June 2017	At 1 January 2016	Net liability flows <sup>11</sup>	Market and other movements	At 30 June 2016
Asia <sup>12</sup>	32,851	1,016	1,173	35,040	25,032	977	4,135	30,144
US	177,626	1,958	(1,805)	177,779	138,913	2,855	17,387	159,155
UK	56,158	(1,167)	1,500	56,491	52,824	(1,699)	4,286	55,411
Total Group	266,635	1,807	868	269,310	216,769	2,133	25,808	244,710

Focusing on the business supported by shareholder capital, which generates the majority of the life profit, in the first half of 2017 net flows into our businesses were overall positive at £1.8 billion. This was driven by our US and Asian operations, as we continue to focus on both retaining our existing customers and attracting new business to drive long-term value creation. The outflow from our UK operations primarily reflects the run-off of the in-force annuity portfolio following our withdrawal from selling new annuity business. This decrease in shareholder liabilities has been more than offset by the flows into the with-profit funds of £1.6 billion as shown in the table below. Positive investment markets in the first half have partly been offset by currency effects as sterling strengthened over the period, increasing liabilities by £0.9 billion. In total, business flows and market movements have increased policyholder

liabilities from £266.6 billion to £269.3 billion.

Policyholder liabilities and net liability flows in with-profits business<sup>10,13</sup>

2017 £m				2016 £m			
Half year				Half year			
Actual Exchange Rate				Actual Exchange Rate			
At 1	Net liability	Market and	At 30	At 1	Net liability	Market and	At 30
January	flows <sup>11</sup>	other	June	January	flows <sup>11</sup>	other	June
2017		movements	2017	2016		movements	2016
ASA	2,295	1,053	33,281	20,934	1,551	4,355	26,840
UK	1,574	3,729	118,449	100,069	582	6,417	107,068
Total Group	3,869	4,782	151,730	121,003	2,133	10,772	133,908

Policyholder liabilities in our with-profits business have increased by 6 per cent to £151.7 billion in the first half of 2017. This reflects the growing popularity of PruFund with consumers seeking protection from the impact of volatile market conditions. During the first half of 2017, net liability flows increased to £3.9 billion across our Asia and UK operations. As returns from these funds are smoothed and shared with customers, the emergence of shareholder profit is more gradual. The business, nevertheless, remains an important source of shareholder value.

Analysis of long-term insurance business pre-tax IFRS operating profit based on longer-term investment returns by driver<sup>14</sup>

Actual Exchange Rate	2016 £m	Constant Exchange Rate	2016 £m
2017 £m	£m	2016 £m	£m
Half year	Half year	Half year	Half year
Operating profit			