

PRUDENTIAL PLC  
Form 6-K  
August 10, 2016

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, 2016

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  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

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

European Embedded Value (EEV) Basis Results

POST-TAX OPERATING PROFIT BASED ON LONGER-TERM INVESTMENT RETURNS

Results analysis by business area

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		2016 £m	2015 £m	
		Half year	Half year	Full year
	Note		note (iii)	note (iii)
Asia operations				
New business	4	824	664	1,490
Business in force	5	391	408	831
Long-term business		1,215	1,072	2,321
Eastspring Investments		53	50	101
Total		1,268	1,122	2,422
US operations				
New business	4	311	371	809
Business in force	5	383	441	999
Long-term business		694	812	1,808
Broker-dealer and asset management	(8)		8	7
Total		686	820	1,815
UK operationsnote (iv)				
New business:note (v)				
Excluding UK bulk annuities		125	80	201
UK bulk annuities		-	75	117
	4	125	155	318
Business in force	5	259	256	545
Long-term business		384	411	863
General insurance commission		15	14	22
Total UK insurance operations		399	425	885
M&G		181	203	358
Prudential Capital		11	6	18
Total		591	634	1,261
Other income and expenditure		(302)	(275)	(566)
note (i)				
Solvency II and restructuring costs		(17)	(23)	(51)
note (ii)				
Interest received from tax settlement		37	-	-
Operating profit based on longer-term investment returns		2,263	2,278	4,881
note (iv)				
Analysed as profit (loss) from:				
New business:note (v)				
Excluding UK bulk annuities		1,260	1,115	2,500
UK bulk annuities		-	75	117
	4	1,260	1,190	2,617
Business in force	5	1,033	1,105	2,375
Long-term business		2,293	2,295	4,992
Asset management and general insurance commission		252	281	506
Other results		(282)	(298)	(617)
Total		2,263	2,278	4,881

Notes

- (i) EEV basis other income and expenditure represents the post-tax IFRS basis result less the unwind of expected margins on the internal management of the assets of the covered business (as explained in note 13(a)(vii)) and an adjustment for the shareholders' share of the pension costs attributable to the with-profits business.
- (ii) Solvency II and restructuring costs comprise the net of tax charge recognised on an IFRS basis and the additional amount recognised on the EEV basis for the shareholders' share incurred by the PAC with-profits fund.
- (iii) The comparative results have been prepared using previously reported average exchange rates for the period.
- (iv) The EEV basis results have been prepared in accordance with the amended European Embedded Value Principles dated April 2016, prepared by the CFO Forum of major European insurers. The half year 2016 results for UK insurance operations have been prepared to reflect the Solvency II regime. The half year and full year 2015 results for UK insurance operations were prepared reflecting the Solvency I basis being the regime applicable for those periods. There is no change to the basis of preparation for Asia and US operations.
- (v) Following Prudential's withdrawal from the UK bulk annuity market, the 2015 comparative results for UK bulk annuities new business have been presented separately.

Basic earnings per share

	2016 Half year	2015 Half year	Full year
Based on post-tax operating profit including longer-term investment returns (in pence)*	88.5p	89.3p	191.2p
Based on post-tax profit attributable to equity holders of the Company (in pence)*	54.5p	82.9p	154.8p
Average number of shares (millions)	2,558	2,552	2,553

\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

POST-TAX SUMMARISED CONSOLIDATED INCOME STATEMENT

	2016 £m		2015 £m	
	Note	Half year	Half year	Full year
Asia operations		1,268	1,122	2,422
US operations		686	820	1,815
UK operations*		591	634	1,261
Other income and expenditure		(302)	(275)	(566)
Solvency II and restructuring costs		(17)	(23)	(51)
Interest received from tax settlement		37	-	-
Operating profit based on longer-term investment returns		2,263	2,278	4,881
Short-term fluctuations in investment returns	6	489	(367)	(1,208)
Effect of changes in economic assumptions	7	(1,345)	80	57
Mark to market value movements on core borrowings		(13)	124	221
Total non-operating loss		(869)	(163)	(930)

Profit for the period attributable to equity holders of the Company	1,394	2,115	3,951
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\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

#### MOVEMENT IN SHAREHOLDERS' EQUITY

	Note	2016 £m Half year	2015 £m Half year	Full year
Profit for the period attributable to equity shareholders		1,394	2,115	3,951
Items taken directly to equity:				
Exchange movements on foreign operations and net investment hedges		2,663	(554)	244
Dividends		(935)	(659)	(974)
Mark to market value movements on Jackson assets backing surplus and required capital		138	(8)	(76)
Other reserve movements		(165)	19	53
Net increase in shareholders' equity*	9	3,095	913	3,198
Shareholders' equity at beginning of period				
As previously reported	9	32,359	29,161	29,161
Effect of implementation of Solvency II on 1 January 2016*	2	(473)	-	-
Shareholders' equity at end of	9	31,886	29,161	29,161
		34,981	30,074	32,359

period

\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

Comprising:	30 Jun 2016 £m			30 Jun 2015 £m			31 Dec 2015 £m		
	Long-term business operations  note 9	Asset manage-ment and other operations	Total	Long-term business operations	Asset manage-ment and other operations	Total	Long-term business operations	Asset manage-ment and other operations	Total
Asia operations	16,578	352	16,930	12,838	284	13,122	13,876	306	14,182
US operations	10,150	201	10,351	8,457	165	8,622	9,487	182	9,669
UK insurance operations*	10,075	37	10,112	8,708	33	8,741	9,647	22	9,669
M&G	-	1,838	1,838	-	1,697	1,697	-	1,774	1,774
Prudential Capital-	-	31	31	-	26	26	-	70	70
Other operations	-	(4,281)	(4,281)	-	(2,134)	(2,134)	-	(3,005)	(3,005)
Shareholders' equity at end of period	36,803	(1,822)	34,981	30,003	71	30,074	33,010	(651)	32,359
Representing:									
Net assets excluding acquired goodwill and holding company net borrowings	36,545	270	36,815	29,772	1,635	31,407	32,777	866	33,643
Acquired goodwill	258	1,230	1,488	231	1,230	1,461	233	1,230	1,463
Holding company net borrowings at market value note 8	-	(3,322)	(3,322)	-	(2,794)	(2,794)	-	(2,747)	(2,747)
	36,803	(1,822)	34,981	30,003	71	30,074	33,010	(651)	32,359

\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

#### SUMMARY STATEMENT OF FINANCIAL POSITION

	2016 £m	2015 £m	
	Note 30 Jun	30 Jun	31 Dec
Total assets less liabilities, before	381,242	331,233	340,666

deduction for insurance funds				
Less insurance funds:*				
Policyholder liabilities (net of reinsurers' share) and unallocated surplus of with-profits funds		(366,637)	(319,129)	(327,711)
Less shareholders' accrued interest in the long-term business**	9	20,376	17,970	19,404
		(346,261)	(301,159)	(308,307)
Total net assets	9	34,981	30,074	32,359
Share capital		128	128	128
Share premium		1,921	1,910	1,915
IFRS basis shareholders' reserves		12,556	10,066	10,912
Total IFRS basis shareholders' equity	9	14,605	12,104	12,955
Additional EEV basis retained profit**	9	20,376	17,970	19,404
Total EEV basis shareholders' equity (excluding non-controlling interests)	9	34,981	30,074	32,359

\* Including liabilities in respect of insurance products classified as investment contracts under IFRS 4.

\*\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

Net asset value per share

2016 2015  
30 Jun 30 Jun 31 Dec

Based on EEV basis shareholders' equity of £34,981 million\*\*

(half year 2015: £30,074 million, 1,356p 1,170p 1,258p)

full year			
2015:			
£32,359			
million)			
(in			
pence)			
Number of			
issued shares	2,579	2,571	2,572
at period end			
(millions)			
Annualised			
return on	14%	16%	17%
embedded			
value*			

\* Annualised return on embedded value is based on EEV post-tax operating profit, as a percentage of opening EEV basis shareholders' equity. Half year profits are annualised by multiplying by two.

\*\* The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime effective from 1 January 2016. The half year 2015 and full year 2015 comparative results for UK insurance operations reflect the Solvency I basis being the regime applicable for those periods (see note 2 for details).

## NOTES ON THE EEV BASIS RESULTS

### 1 Basis of preparation

The EEV basis results have been prepared in accordance with the EEV Principles dated April 2016, prepared by the European Insurance CFO Forum. There is no change to the EEV methodology and accounting presentation. The half year 2016 results for UK insurance operations have been prepared on a basis that reflects the Solvency II regime, as discussed in note 2 below. The half year and full year 2015 comparative results for UK insurance operations were prepared reflecting the Solvency I basis, being the regime applicable for those periods. There is no change to the basis of preparation for Asia and the US operations. Where appropriate, the EEV basis results include the effects of adoption of EU-endorsed IFRS.

The directors are responsible for the preparation of the supplementary information in accordance with the EEV Principles. The EEV basis results of half year 2016 and half year 2015 are unaudited. The full year 2015 results have been derived from the EEV basis results supplement to the Company's statutory accounts for 2015. The supplement included an unqualified audit report from the auditors.

A detailed description of the EEV methodology and accounting presentation is provided in note 13.

### 2 Effect of Solvency II implementation on EEV basis results on 1 January 2016

The Solvency II framework is effective from 1 January 2016. For our operations in Asia and the US there is no impact on the EEV results since Solvency II does not act as the local constraint on the ability to distribute profits to the Group. The embedded value for these businesses will continue to be driven by local regulatory and target capital requirements. For the UK insurance operations, Solvency II will impact the EEV results as it changes the local regulatory valuation of net worth and capital requirements, affecting the components of the EEV.

The impact of Solvency II on EEV shareholders' equity at 1 January 2016 is shown below:

Total EEV basis shareholders' equity	£m
As reported at 31 December 2015 <sup>note 9</sup>	32,359
Opening adjustment at 1 January 2016 for long-term business operations	
Effect of implementation of Solvency II on net worth <sup>note (a)</sup>	2,760
Effect of implementation of Solvency II on net value of in-force business (VIF) <sup>note (b)</sup>	(3,233)
	(473)
Group total shareholders' equity as at 1 January 2016 <sup>note (c)</sup>	31,886

## Notes

(a)

The Solvency II framework requires technical provisions to be valued on a best estimate basis and capital requirements to be risk-based. It also requires the establishment of a risk margin (which for business in-force at 31 December 2015 can be broadly offset by transitional measures). As a result of applying this framework the EEV net worth increased by £2,760 million reflecting the release of the prudent regulatory margins previously included under Solvency I, and also from the recognition within net worth of a portion of future shareholder transfers expected from the with-profits fund. The higher net worth incorporates increases in required capital reflecting the higher solvency capital requirements of the new regime.

(b)

The net value of in-force business (VIF) is correspondingly impacted as follows:

- the release of prudent regulatory margins and recognition of a portion of future with-profits business shareholders' transfers within net worth leads to a corresponding reduction in the VIF;
- the run-off of the risk margin, net of transitional measures, is now captured in VIF; and
- the cost of capital deducted from the gross VIF increases as a result of the higher Solvency II capital requirements. The overall impact of these changes is to reduce the value of in-force by £(3,233) million.

(c)

At 1 January 2016 the effect of these changes was a net reduction in EEV shareholders' equity of £(473) million.

The impact of Solvency II on the half year 2016 for UK insurance operations is estimated to have reduced operating profit by £(17) million.

## 3 Results analysis by business area

The 2015 comparative results are shown below on both actual exchange rates (AER) and constant exchange rates (CER) bases. The 2015 CER comparative results are translated at half year 2016 average exchange rates.

Annual premium and contribution equivalents (APE)<sup>note 15</sup>

	Half year 2016 £m	Half year 2015 £m		% change	
		AER	CER	AER	CER
Asia operations	1,655	1,366	1,404	21%	18%
US operations	782	857	912	(9)%	(14)%
UK retail operations**	593	393	393	51%	51%
Group total excluding UK bulk annuities**	3,030	2,616	2,709	16%	12%
UK bulk annuities**	-	117	117	(100)%	(100)%
Group Total	4 3,030	2,733	2,826	11%	7%



Post-tax  
operating  
profit

		Half year 2016 £m	Half year 2015 £m	% change
	Note		AERCER	AERCER
Asia operations				
New business	4	824	664 688	24%