PRUDENTIAL PLC
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For the month of March 2010

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

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

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

Form 20-F X   Form 40-F

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

Yes   No X

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

Enclosures: Prudential plc FY09 unaudited results Pt2

PRUDENTIAL PLC 2009 UNAUDITED PRELIMINARY ANNOUNCEMENT

RESULTS SUMMARY

European Embedded Value (EEV) Basis Results*	**2009**	2008
	£m	£m
Asian operations	**1,154**	1,239
US operations	**1,237**	593
UK operations:		
UK insurance operations	**921**	1,081
M&G	**238**	286
Other income and expenditure	**(433)**	(302)
Restructuring costs	**(27)**	(32)
Operating profit based on longer-term investment returns *	**3,090**	2,865
Short-term fluctuations in investment returns	**351**	(4,967)
Mark to market value movements on core borrowings	**(795)**	656
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**(84)**	(14)
Effect of changes in economic assumptions and time value of cost of options and guarantees	**(910)**	(398)
Profit on sale and results of Taiwan agency business	**91**	(248)
Profit/ (loss) from continuing operations before tax (including actual investment returns)	**1,743**	(2,106)
Operating earnings per share* (reflecting operating profit based on longer-term investment returns after related tax and minority interests)	**88.8p**	85.1p
Shareholders' equity, excluding minority interests	**£15.3bn**	£15.0bn

International Financial Reporting Standards (IFRS) Basis Results*

Statutory IFRS basis results	**2009**	2008
Profit/(Loss) after tax attributable to equity holders of the Company	**£676m**	£(396)m
Basic earnings per share	**27.0p**	(16.0)p
Shareholders' equity, excluding minority interests	**£6.3bn**	£5.1bn

Supplementary IFRS basis information	**2009**	2008*

	£m	£m
Operating profit based on longer-term investment returns*	**1,405**	1,283
Short-term fluctuations in investment returns on shareholder-backed business	**36**	(1,721)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**(74)**	(13)
Profit/(loss) before loss on sale and results of Taiwan agency business	**1,367**	(451)
Loss on sale and results of Taiwan agency business	**(621)**	1
Profit/(loss) from continuing operations before tax attributable to shareholders	**746**	(450)
Operating earnings per share* (reflecting operating profit based on longer-term investment returns after related tax and minority interests)	**43.4p**	39.9p

	2009	2008
Dividends per share declared and paid in reporting period	**19.20p**	18.29p
Dividends per share relating to reporting period	**19.85p**	18.90p
Funds under management	**£290bn**	£249bn
Insurance Groups Directive capital surplus (as adjusted)*	**£3.4bn**	£1.5bn

* **Basis of preparation**

Results bases
The EEV basis results have been prepared in accordance with the European Embedded Value Principles issued by the CFO Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance on European Embedded Value Disclosures issued in October 2005. With the exception of the presentation of the results for the Taiwan agency business, for which (as described below) the sale process was completed in June 2009, the basis of preparation of the statutory IFRS basis results and supplementary IFRS basis information is consistent with that applied for the 2008 results and financial statements.

Life insurance products are, by their nature, long-term and the profit on this business is generated over a significant number of years. Accounting under IFRS alone does not, in Prudential's opinion, fully reflect the value of future profit streams. Prudential considers that embedded value reporting provides investors with a measure of the future profit streams of the Group's long-term businesses and is a valuable supplement to statutory accounts.

Exchange translation
The comparative results have been prepared using previously reported exchange rates, except where otherwise stated.

Operating profit based on longer-term investment returns
Consistent with previous reporting practice, the Group analyses its EEV basis results and provides supplementary analysis of IFRS profit before tax attributable to shareholders, so as to distinguish operating profit based on longer-term investment returns from other elements of total profit. On both the EEV and IFRS bases, operating earnings per share are calculated using operating profits based on longer-term investment returns, after related tax and minority interests.

These profits exclude short-term fluctuations in investment returns and the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes. Under the EEV basis, where additional profit and loss effects arise, operating profit based on longer-term investment returns also excludes the mark to market value movements on core borrowings and the effect of changes in economic assumptions and changes in the time value of cost of options and guarantees arising from changes in economic factors.

In 2009, as a result of the exceptional dislocated market conditions, the Group incurred non-recurrent costs of £235 million for hedging its Insurance Group's Directive (IGD) capital surplus. These costs have been shown separately from operating profit based on longer-term investment returns as part of short-term fluctuations in investment returns.

Also, in June 2009 the Group completed the previously announced sale of its Taiwan agency business. In order to facilitate comparisons of the Group's businesses, the effect of disposal and the results of the Taiwan agency business are shown separately from operating profit based on longer-term investment returns. The presentation of the comparative results for 2008 has been adjusted accordingly

After adjusting for related tax and minority interests, the amounts excluded from operating profit based on longer-term investment returns are included in the calculation of basic earnings per share.

Insurance Groups Directive capital surplus (as adjusted)
The surpluses shown for 2009 and 2008 are before allowing for the final dividends for 2009 and 2008 respectively. The surplus at 31 December 2009 of £3.4 billion is estimated.

Status of 2009 results

All the 2009 results contained in this announcement are unaudited.

BUSINESS REVIEW

CFO OVERVIEW

In 2009 Prudential has continued to balance profitable growth, capital conservation and cash generation to both protect the Group's financial strength and preserve its long-term growth potential. We have focused on generating significant levels of sales of highly profitable and capital efficient products. Our results, as summarised below, show that we have achieved our dual objectives of higher profitability and lower levels of investment in new business at a time when market conditions remained challenging for the insurance industry. This highlights our focus on value over volume as we manage investment in new business to meet our capital management targets. In addition we have been able to strengthen our capital position and have continued to generate a positive Group operating holding company cash flow.

The global economic environment has gradually improved through 2009, led by emerging economies, especially Asia. The Asian region appears to be more resilient than the rest of the world and we expect it is likely to return sooner to strong growth while the western world appears to be set for a prolonged period of weaker growth. Against this backdrop, and in particular in those countries in Asia where we have leading positions, our long-term growth and potential remains intact, and we believe we are well positioned to take advantage of opportunities in the pre and post retirement markets in our chosen geographical markets.

Performance and key metrics

		AER(8)		CER(8)	
	2009	2008	Change	2008	Change

	£m	£m	%	£m	%
New business[(1)]					
Annual premium equivalent (APE) sales:					
- Retail					
- Asia	**1,261**	1,216	4	1,350	(7)
- US	**912**	596	53	705	29
- UK	**717**	803	(11)	803	(11)
- Total retail	**2,890**	2,615	11	2,858	1
- Wholesale	**6**	264	(98)	285	(98)
- Total APE sales	**2,896**	2,879	1	3,143	(8)
EEV new business profit (NBP)	**1,607**	1,200	34	1,331	21
NBP margin (% APE)	**56%**	42%		42%	
Net investment flows	**15,417**	4,266	261	4,456	246
External funds under management	**89,780**	62,279	44	60,924	47
EEV basis operating profit[(1)]					
On long-term business[(2)(3)]	**3,202**	2,810	14	3,080	4
Total	**3,090**	2,865	8	3,138	(2)
IFRS operating profit based on longer-term investment returns[(1)(3)]	**1,405**	1,283	10	1,390	1
Balance sheet and capital					
EEV basis shareholders' funds	**15.3bn**	15.0bn	2	14.1bn	9
EEV basis shareholders' funds per share	**603p**	599p	1	563p	7
Return on Embedded Value [(4)]	**14.9%**	14.4%			
IFRS shareholders' funds	**6.3bn**	5.1bn	24	4.8bn	31
IGD capital surplus (as adjusted)[(5)]	**3.4bn**	1.5bn	127	n/a	n/a
Free surplus - investment in new business [(6)]	**675m**	806m	(16)	885m	(24)
Operating holding company cash flow	**38m**	54m	(30)	54m	(30)
Dividend per share relating to the reporting year	**19.85p**	18.9p	5	n/a	n/a
Dividend cover[(7)]	**2.2**	2.1	n/a	n/a	n/a

(1) *New business and operating profits exclude the results of the Taiwan agency business for which the sale process was completed in June 2009.*

(2) *Long-term business profits after deducting Asia development expenses and before restructuring costs.*

(3) *Operating profits are determined on the basis of including longer-term investment returns. EEV and IFRS operating profits are stated after excluding the effect of short-term fluctuations in investment returns against long-term assumptions, the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes, and the effect of disposal and results of the Taiwan agency business, for which the sale process was completed in June 2009. In addition for EEV basis results, operating profit excludes the effect of changes in economic assumptions and the time value of cost of options and guarantees, and the market value movement on core borrowings.*

(4) *Return on Embedded Value is based on EEV operating profit after tax and minority interest as a percentage of opening EEV basis shareholders' funds.*

(5) *Insurance Groups Directive capital surplus (as adjusted). The surpluses shown for 2009, which is estimated, and 2008 are before allowing for the final dividends for 2009 and 2008 respectively.*

(6) *Free surplus - investment in new business- represents EEV net worth strain together with EEV required capital to support the new business acquired.*

(7) *Dividend cover is defined as IFRS operating profit after tax and minority interests divided by the dividend declared relating to the reporting period.*

(8) *Actual Exchange Rate (AER) and Constant Exchange Rate (CER)*

In this review, comparisons of financial performance are on an actual exchange rate (AER) basis, unless otherwise stated
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In 2009, in a difficult economic and market environment, Prudential produced a strong performance across all of its key performance indicators. We believe this performance demonstrates the success of our strategy and the resilience and strength of Prudential's business model.

Group retail APE new business sales were £2,890 million, 11 per cent higher than for 2008. In Asia, sales were £1,261 million, up four per cent, boosted by a record fourth quarter. In the US, Jackson continued to be a beneficiary of the significant changes in the competitive landscape, with a 53 per cent increase in retail sales at £912 million. In the UK, the Group's disciplined approach to capital consumption led to retail sales of £717 million, down 11 per cent. Wholesale sales were held to a minimum as the Group continued to focus on products with higher IRRs and shorter payback periods.

Net investment flows increased by £11.2 billion to £15.4 billion, driven by strong performances in M&G's retail and institutional business, and the Asian asset management operations. With these contributions and recovering investment markets, external funds under management have increased by £27.5 billion to £89.8 billion during the year.

In 2009, total EEV basis operating profits based on longer term investment returns of £3,090 million were up eight per cent from 2008, primarily from an increase in the profitability from the Group's long-term business operations which was up 14 per cent to £3,202 million comprising new business profit of £1,607 million, in-force profits of £1,601 million and development expenses of £6 million. New business profit increased by £407 million to £1,607 million, driven principally by the US and Asia. Overall, there was a two per cent decrease in the contribution from in-force business (before development expenses), down by £35 million to £1,601 million. The movement reflects a growing level of unwind of discount, up by £210 million, reflecting the increased in-force business offset by a reduction in the level of contribution from changes to operating assumptions, experience variances and other items of, in aggregate, £245 million. The growth in the Group's EEV operating profit was held back by a lower contribution from the asset management businesses (down £48 million to £297 million) reflecting reduced market values in 2009. There was also a negative impact on Group EEV operating profit from other income and expenditure of £131 million due to lower returns on central funds and higher interest payable on core structural borrowings.

The total EEV profit before tax for 2009 of £1,743 million compares to a loss of £2,106 million for 2008. The increase of £3,849 million reflects the growth in operating profit of £225 million and an increase in the aggregate effect of non-operating items of £3,624 million which mostly arise from the net effects of improved financial markets. Within the non-operating items of negative £1,347 million there were positive contributions of £351 million for short-term fluctuations in investment returns and the £91 million from the profit on sale and results of the Taiwan agency business that was sold in June 2009. However, these amounts were offset by reductions of £795 million for the change in the mark to market value of the Group's borrowings as credit spreads normalised, a charge of £910 million for the effect of changes in economic assumptions and time value of cost of options and guarantees arising from increasing interest rates and the application of higher risk discount rates across our businesses and an £84 million charge for actuarial and other losses for the Group's defined benefit pension schemes.

Our IFRS operating profit has increased by 10 per cent to £1,405 million. This result was driven by higher profits from all of our life businesses which were up 25 per cent to £1,475 million, with a strong contribution from Asia. Overall profits also include a lower asset management contribution due to difficult market

conditions, higher interest costs
following the issue of the hybrids during the year and lower interest income on group assets.
In the UK, operating profits for our long-term business increased by £61 million to £606 million reflecting growth from the shareholder backed annuity business. Operating profits for Asia long term business, before development expenses, increased by £159 million to £416 million of which £96 million was due to a combination of growth in our in-force book, lower new business strain and foreign exchange and the remaining £63 million was due to a one-off benefit arising from a regulatory change in Malaysia.

The total IFRS profit before disposal of Taiwan agency business was £1,367 million in 2009, significantly higher than for 2008 (loss of £451 million) reflecting increased operating profits and more favourable short-term fluctuations partially offset by a charge for the costs of hedging the Group IGD capital surplus. Total profit before tax from continuing operations on the IFRS basis was £746 million in 2009 after allowing for the loss on disposal of the Taiwan agency business of £621 million which was completed in June 2009.

Since the beginning of the year, management actions have led to a very material increase in the Group's IGD surplus position to £3.4 billion including the issuance of £400 million subordinated debt in May to part replace maturing senior debt, the net proceeds of the Tier 1 hybrid debt of US$750 million (circa £455 million) issued in July, the beneficial impact of the sale of Taiwan agency business of £800 million, with other capital initiatives and capital generation through operating earnings net of impairments, financing costs, effects of currency and rule changes accounting for the balance.
We believe this level of IGD acts as a prudent regulatory buffer whilst there remains a degree of uncertainty in the future economic environment in which we operate.

At 31 December 2009 holding company cash and short-term investments was £1.5 billion, an increase of £0.3 billion over 2008. This increase comprises proceeds of £0.6 billion from higher borrowings, (before allowing for exchange translation gains of £0.2 billion on foreign currency denominated borrowings), and positive operating holding company cashflow of £38 million, net of exceptional payments of £360 million.

In the volatile economic environment experienced during 2009, we maintained our strong focus on risk, capital and cash management. Our commitment to focusing on value over volume has been demonstrated by the strong growth in both EEV and IFRS operating profit. We have also been able to continue to be cash flow positive at the holding company level, with a positive contribution of £38 million before exceptional items.

The Board intends to recommend a final dividend for 2009 of 13.56 pence per share, bringing the total dividend for the reporting period, to 19.85 pence per share, 5 per cent higher then the 2008 total dividend. The 2009 IFRS operating earnings after tax and minority interest cover the full year dividend 2.2 times (2008 full year: 2.1 times).

EEV RESULTS

EEV basis operating profit based on longer-term investment returns

	AER			**CER**	
	2009	**2008**	**Change**	**2008**	**Change**
	£m	**£m**	**%**	**£m**	**%**
Insurance business					
Asia	**1,105**	1,213	(9)	1,379	(20)
US	**1,233**	586	110	693	78
UK	**870**	1,037	(16)	1,037	(16)

Development expenses	**(6)**	(26)	77	(29)	79
Long-term business profit	**3,202**	2,810	14	3,080	4
UK general insurance commission	**51**	44	16	44	16
Asset management business:					
M&G	**238**	286	(17)	286	(17)
Asia asset management	**55**	52	6	61	(10)
Curian	**(6)**	(3)	(100)	(4)	(50)
US broker dealer and asset management	**10**	10	-	12	(17)
	3,550	3,199	11	3,479	2
Other income and expenditure	**(433)**	(302)	(43)	(309)	(40)
Restructuring costs	**(27)**	(32)	(16)	(32)	(16)
Total EEV basis operating profit	**3,090**	2,865	8	3,138	(2)

In 2009, Prudential Group's total EEV basis operating profit based on longer-term investment returns was £3,090 million, up eight per cent from 2008.

Long-term profits generated by the Group in 2009 increased by 14 per cent to £3,202 million. These profits comprise new business profits of £1,607 million (2008: £1,200 million), in-force profits of £1,601 million (2008: £1,636 million) and development expenses of £6 million (2008: £26 million).

New business profits, at £1,607 million, were 34 per cent higher than in 2008, with higher margins in all businesses, particularly the US, and a one per cent increase in sales volumes year on year. The average Group new business profit margin was 56 per cent (2008: 42 per cent) on an APE basis and eight per cent (2008: six per cent) on a PVNBP basis. This rise reflects increased average margins across the businesses as we concentrated on maximising sales of our most profitable products.

The contribution from in-force operating profit decreased by £35 million to £1,601 million, including unwind of discount and other expected returns that increased by £210 million to £1,421 million, primarily reflecting the growth in Asia's in-force book and the increase in risk discount rates in the US. In-force profit in 2009 also includes the effects of operating assumption changes and experience variances and other items which had an aggregate impact of £180 million. This primarily reflects the positive impact of altered assumptions for Guaranteed Minimum Withdrawal Benefits in the US of £156 million where the utilisation of the withdrawal feature available to policyholders on Variable Annuity contracts has been modified to take account of the more recent experience of policyholder behaviour when benefits are "in the money". Also included are the broadly offsetting effects of favourable experience and other items in the US and UK against the impact of adverse persistency in Asia.

Operating profit from the asset management business decreased to £297 million, down 14 per cent from £345 million in 2008, reflecting reduced market values in 2009 compared to 2008.

Other income and expenditure totalled a net expense of £433 million compared with £302 million in 2008, a difference of negative £131 million of which £47 million was due to the impact of the non-recurrence in 2009 of a positive one-off 2008 item of profit on the sale of a seed capital investment in an Indian mutual fund. The remaining difference principally related to lower interest received on central shareholders' funds as a result of falling interest rates and an increase in interest payable on core structural borrowings.

EEV basis profit after tax and minority interests

AER

	2009 £m	2008 £m
EEV basis operating profit based on longer-term investment returns	**3,090**	2,865
Short-term fluctuations in investment returns		
- Insurance operations	**481**	(4,654)
- IGD hedge costs	**(235)**	-
- Other operations	**105**	(313)
	351	(4,967)
Mark to market value movements on core borrowings	**(795)**	656
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**(84)**	(14)
Effect of changes in economic assumptions and time value of cost of options and guarantees	**(910)**	(398)
Profit on sale and results of Taiwan agency business	**91**	(248)
Profit (loss) before tax from continuing operations	**1,743**	(2,106)
Tax attributable to shareholders' profit (loss)	**(481)**	771
Discontinued operations (net of tax)	**(14)**	-
Minority interests	**(3)**	(3)
Profit (Loss) after minority interests	**1,245**	(1,338)

Short-term fluctuations in investment returns

In our calculation of EEV operating profit, we use longer-term investment return assumptions rather than actual investment returns achieved. Short-term fluctuations represent the difference between the actual investment return and the unwind of discount on the value of in-force business and expected returns on net worth.

Short-term fluctuations in investment returns for insurance operations of positive £481 million comprise a positive £437 million for Asia, negative £401 million for our US operations and positive £445 million in the UK.

For our Asian business, short-term fluctuations of positive £437 million (versus negative £903 million in 2008) primarily reflected the effect of strong equity market performance in particular for participating business and unit linked business where the in-force value benefits from increases in shareholder transfers and from the capitalisation of increased projected fees due to the higher asset base at the end of the year.

For our US business, short-term fluctuations in investment returns were negative £401 million versus negative £1,344 million in 2008, and primarily reflected the excess of impairment losses for fixed income securities incurred in the year over the long term charge included within operating profit.

For our UK business, the short-term fluctuations in investment returns were positive £445 million (versus negative £2,407 million in 2008), including positive £430 million relating to with-profits business, primarily reflecting the difference between the 15.5 per cent investment return arising in the year on the investments of the with-profits life fund (covering policyholder liabilities and unallocated surplus) and the long-term assumed return of 6.9 per cent.

For other operations, the principal component of short term fluctuations in investment returns is a

one-off £235 million cost arising from the hedge temporarily put in place during the first quarter, to protect the Group IGD capital surplus in the light of exceptional market conditions.
During the severe equity market conditions experienced in the first quarter of 2009, coupled with historically high equity volatility, the Group entered into exceptional short-dated hedging contracts to protect against potential tail-events on the IGD capital position, in addition to our regular operational hedging programmes. The residual short-term fluctuations in investment returns for other operations of positive £105 million includes £66 million for unrealised appreciation on Prudential Capital's debt securities portfolio and £28 million on swaps held centrally to manage Group assets and liabilities.

Mark-to-market movement on core borrowings

The mark-to-market movement on core borrowings was a negative £795 million, as credit spreads incorporated in the market value of the debt narrowed to more normal levels.

Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes

The shareholders' share of actuarial and other gains and losses on defined benefit pension schemes of a negative £84 million reflects the impact of a reduced discount rate and other assumption changes on the measurement of the liabilities of the Scottish Amicable and M&G schemes and an increase in the deficit funding provision for the Prudential Staff Pension Scheme.

Effect of changes in economic assumptions and time value of cost of options and guarantees

The effect of changes in economic assumptions and time value of cost of options and guarantees of negative £910 million comprises negative £963 million for the effect of changes in economic assumptions partially offset by positive £53 million for the change in the time value of cost of options and guarantees arising from changes in economic factors. In our Asian business, economic assumption changes were negative £165 million primarily driven by increases in risk discount and fund earned rates across a number of territories. In our US business, economic assumption changes were negative £528 million, primarily reflecting an increase in the risk discount rates following an increase in the US 10-year Treasury rate and an increase in the allowance for credit risk for fixed annuity and variable annuity business of 1.5 per cent and 0.3 per cent respectively, partially offset by the effect of an increase in the separate account return assumption from 5.8 per cent to 7.4 per cent arising from the increase in risk free rates. In our UK business, economic assumption changes were negative £270 million, primarily relating to with-profits business, reflecting the fact that the risk discount rate has increased by significantly more than the earned rate as a result of revised correlation assumptions, a lower equity backing ratio and very low cash return.

Profit on sale and results of Taiwan agency business

In June 2009, the Group completed the sale of our Taiwan agency business. The 2009 result of £91 million reflects the profit on sale. The 2008 loss of £248 million is the total result for this business, including short-term fluctuations in investment returns.

Effective tax rates

The effective tax rate at an operating level was 28 per cent (2008: 26 per cent), the increase reflecting the inability to recognise a deferred tax asset on various tax losses of non-insurance operations being partially offset by a reduction in the effective tax rate for Asian operations from the 2008 level that was affected by certain one-off items. The effective tax rate at a total EEV level was 28 per cent (2008: 37 per cent) on a profit of £1,743 million. The reduction reflects the incidence of tax attributable to Jackson's short-term fluctuations in investment returns and other non-operating profits and losses.

IFRS RESULTS

IFRS basis operating profit based on longer-term investment returns

		AER		CER	
	2009	**2008**	**Change**	**2008**	**Change**
	£m	**£m**	**%**	**£m**	**%**
Insurance business:					
Long-term business					
Asia	**416**	257	62	290	43
US	**459**	406	13	480	(4)
UK	**606**	545	11	545	11
Development expenses	**(6)**	(26)	77	(29)	79
Long-term business profit	**1,475**	1,182	25	1,286	15
UK general insurance commission	**51**	44	16	44	16
Asset management business:					
M&G	**238**	286	(17)	286	(17)
Asia asset management	**55**	52	6	61	(10)
Curian	**(6)**	(3)	(100)	(4)	(50)
US broker-dealer and asset management	**10**	10	-	12	(17)
	1,823	1,571	16	1,685	8
Other income and expenditure	**(395)**	(260)	52	(267)	48
Restructuring costs	**(23)**	(28)	18	(28)	(18)
Total IFRS basis operating profit based on longer-term investment returns	**1,405**	1,283	10	1,390	1

Group operating profit before tax based on longer-term investment returns on the IFRS basis after restructuring costs was £1,405 million, an increase of 10 per cent on 2008.

In Asia, IFRS operating profit for long-term business increased by 62 per cent from £257 million in 2008 to £416 million in 2009. As reported in our half-year results announcement this includes a £63 million one-off release of reserves in the Malaysian life operations determined after assessing the measurement basis for policyholders' liabilities, following the implementation of a Risk Based Capital (RBC) regime by the Malaysian regulatory authorities. Excluding this item, Asia delivered a strong underlying operating performance resulting in an increase of £96 million to £353 million from £257 million for 2008. This increase reflects both underlying growth as we build our in-force book and a reduction in new business strain from a charge of £97 million in 2008 to a charge of £78 million in 2009.

Our larger markets of Malaysia, Hong Kong, Singapore and Indonesia continue to show strong increases in operating profit. In Indonesia, the results increased from £55 million to £102 million, reflecting the strong underlying growth of the business and further improvements to the impact of new business on operating profits. In Malaysia, IFRS operating profit of £65 million, excluding the one-off credit, was up 41 per cent on 2008, driven mainly by the growth in the profits from the in-force business. Hong Kong recorded increased operating profit up 45 per cent to £48 million, due mainly to increased profits from the in-force non-participating business, both as a result of growth and the non-recurrence of one off costs in 2008. This has been offset by reduced participating fund profits following lower bonus payments to policyholders in

2009 reducing the corresponding transfer to shareholders from the with-profits fund. Singapore saw an increase in operating profit of £29 million (35 per cent) to £112 million reflecting growth in the in-force business. Aside from Japan, where on 15 February 2010 the operation suspended writing new business, Taiwan, which is focusing on its bancassurance business following the disposal of its agency business in June 2009, and Thailand, all the Asian life operations are generating operating profits on the IFRS basis.

In the US, the long-term business operating profit increased by 13 per cent from £406 million in 2008 to £459 million in 2009, primarily from the effect of favourable exchange rate movements, increased operating profits from the fixed and fixed indexed annuity business and lower DAC amortisation on variable annuity business as compared to 2008. These increases were offset by the combined negative accounting impact of equity market movements on Jackson's variable annuity business and related hedging programme. The hedging programme is undertaken on an economic basis and the accounting measurement does not always fully capture the economic effects.

In our UK business, the long-term business IFRS operating profit of £606 million increased by 11 per cent from £545 million in 2008. This reflects growth from the shareholder-backed annuity business, with operating profits being £194 million higher than in 2008, partially offset by lower contribution from the with-profits business of £281 million in 2009, compared with £395 million in 2008. The lower profit from the with-profit business reflected the impact of rate reductions in the February 2009 bonus declaration made in response to recent volatile investment performance. These lower bonus payments to policyholders have a corresponding negative impact on operating profit as they reduce the consequential transfer to shareholders from the with-profit fund, calculated as one-ninth of the cost of policyholders' bonus. Profit from UK general insurance commission increased to £51 million in 2009 from £44 million in 2008. As a result, the total IFRS operating profit increased by 12 per cent in 2009 to £657 million from £589 million in 2008.

M&G's operating profit for 2009 was £238 million, a decrease of 17 per cent from £286 million in 2008. This primarily reflects the relative levels of equity and property markets between 2008 and 2009, with the FTSE All Share being on average 15 per cent lower than in 2008, as well as higher staff costs and lower performance-related fees. These negative impacts were partly offset by revenue earned on the very strong fund net inflows during 2009 (£13.5 billion in 2009 compared with £3.4 billion in 2008).

The Asian asset management operations reported operating profits of £55 million, up by six per cent from £52 million in 2008. This reflects favourable exchange rates and management's focus on profitability during the period. Profit in 2009 was adversely impacted by a one-off loss in India of £6 million.

The change of £135 million in other income and expenditure to negative £395 million from the negative £260 million in 2008 primarily reflects lower returns on central funds as a result of falling interest rates, an increase in interest payable on core structural borrowings and the non-recurrence in 2009 of a positive one-off 2008 item of profit on the sale of a seed capital investment in an Indian mutual fund .

IFRS basis results - Analysis of life insurance pre-tax IFRS operating profit based on longer-term investment returns by driver

		AER		CER	
	2009	2008	Change	2008	Change
	£m	£m	%	£m	%
Investment spread	**1,001**	747	34	852	17

Asset management fees	**458**	403	14	466	(2)
Net expense margin	**(388)**	(385)	(1)	(434)	11
DAC amortisation (Jackson only)	**(223)**	(450)	50	(532)	58
Net insurance margin	**472**	308	53	357	32
With-profits business	**310**	425	(27)	430	(28)
Non-recurrent release of reserves for Malaysian life operation	**63**	-	-		-
Other	**(218)**	134	(263)	147	(248)
Total	**1,475**	1,182	25	1,286	15

Investment spread
has increased by 34 per cent to £1 billion in 2009. The main driver has been the increase in profits from our UK shareholders' annuity business.

Asset management fees
have increased by 14 per cent to £458 million in 2009, with growth in our Asian and US businesses and favourable exchange rate movements more than offsetting the impact of falling asset values on fees earned.

The
net expense margin
has decreased marginally from negative £385 million in 2008 to negative £ 388 million in 2009. Adverse exchange rate movements have been largely offset by improvements to new business strain in Asia (total IFRS new business strain in Asia, which is predominantly included in net expense margin, has fallen from £97 million in 2008 to £ 78 million in 2009).

The significant decrease in Jackson's
DAC amortisation
principally reflects the improvements in equity markets in the period and the non-recurrence of the DAC acceleration of circa £140 million that occurred in 2008.

Net insurance margin
has grown by 53 per cent to £472 million in 2009 principally reflecting the strong growth in our Asian in-force book (up £55 million to £253 million in 2009), improved mortality experience in the US and UK and a one-off benefit of £34 million in the UK relating to a longevity swap on certain aspects of the UK's annuity back-book liabilities.

Profits from
with-profits

business were £310 million in 2009 compared with £425 million in 2008, reflecting lower bonus rates, and hence lower transfers to shareholders, which are calculated as one-ninth of the cost of policyholders' bonus, due to market falls.

Other
of negative £218 million is primarily as a result of increased hedging costs in the US. This negative impact is before allowing for VA guarantee fees of £137 million included within
net insurance margin
and reflects the economic nature of Jackson's hedging programme, with derivative losses arising from increasing equity markets and interest rates not being fully offset by the release of policyholder reserves (which are not economically valued under US GAAP, the grandfathered accounting basis under IFRS 4). After allowing for VA guarantee fees earned in the period the cumulative impact of VA hedging activities for 2008 and 2009 is a small net operating loss of £ 7 million.

IFRS basis profit after tax

	2009 £m	AER 2008 £m
Operating profit based on longer-term investment returns	**1,405**	1,283
Short-term fluctuations in investment returns		
- Insurance operations	**166**	(1,408)
- IGD hedge costs	**(235)**	-
- Other operations	**105**	(313)
	36	(1,721)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	**(74)**	(13)
Profit/(loss) before loss on sale and results of Taiwan agency business	**1,367**	(451)
Loss on sale and results of Taiwan agency business	**(621)**	1
Profit (loss) before tax from continuing operations attributable to shareholders	**746**	(450)
Tax (charge) credit attributable to shareholders' profit	**(55)**	59
Discontinued operations (net of tax)	**(14)**	-
Minority interests	**(1)**	(5)
Profit (loss) for the year attributable to equity holders of the Company	**676**	(396)

The total profit before disposal of Taiwan agency business was £1,367 million in 2009, significantly higher than for 2008 (loss of £451 million). The improvement reflects the increase in operating profit based on longer-term investment returns and the significantly more favourable short-term fluctuations in investment returns partially offset by a charge for the costs of hedging the Group's IGD capital surplus. The total profit before tax from continuing operations on the IFRS basis was £746 million in 2009, compared with a loss of £450 million for 2008.
In calculating the IFRS operating profit, we use longer-term investment return assumptions rather than actual investment returns arising in the year.
The difference between actual investment returns recorded in the income statement and longer-term returns is shown in the analysis of profits as short-term fluctuations in investment returns.

IFRS Short-term fluctuations in investment returns

Short-term fluctuations in investment returns for our insurance operations of positive £166 million comprises £31 million for Asia, £27 million for US operations and £108 million in the UK.

The positive short-term fluctuations of £31 million for our Asian operations primarily reflect strong market performance in Taiwan and Japan partially offset by the impact of unrealised losses on the debt securities portfolio in Vietnam.

The positive short-term fluctuations of £27 million for our US operations comprise positive £385 million for market value movements on the free standing derivatives used to manage the fixed annuity and other general account business, negative £414 million in respect of debt securities, and positive £56 million of other items. The negative £414 million for debt securities reflects the levels of realised gains and losses (including write-downs) in excess of the allowance for longer-term defaults and amortisation of interest-related gains included in the operating result adjusted for associated deferred acquisition costs.

The positive short-term fluctuations of £108 million for our UK operations reflect principally value movements on the assets backing the capital of the shareholder-backed annuity business.

Short-term fluctuations for other operations, in addition to the previously discussed IGD hedge costs of £235 million, were £105 million positive, which includes £66 million for unrealised appreciation on Prudential Capital's debt securities portfolio and £28 million on swaps held centrally to manage Group assets and liabilities.

Sale of Taiwan agency business

On 20 February 2009 we announced our agreement to transfer the assets and liabilities of the agency distribution business in Taiwan, including the capital consuming in-force book, to China Life Insurance Limited (Taiwan). We completed the transaction on 19 June 2009 following regulatory approval being given on that day. The transfer has resulted in a one-off negative pre-tax impact of £621 million. After allowing for tax, and other adjustments, the effect on shareholders' equity was negative £607 million. The overall size of loss reflects the carrying value of the IFRS equity of the business as applied in the calculation of the loss on sale and the application of 'grandfathered' US GAAP under IFRS 4 for insurance assets and liabilities. US GAAP does not and is not designed to include the costs of holding economic capital to support the legacy interest rate guaranteed products, as recognised under the Company's supplementary reporting basis under European Embedded Value principles. The loss on sale reflects this element of the economic value. Separately, it is to be noted that under IFRS there is no recognition of the enhanced IGD capital surplus position arising on completion.

Effective tax rates

The effective rate of tax on operating profits, based on longer-term investment returns, was 23 per cent (2008: 23 per cent). The effective rate of tax at the total IFRS profit level for continuing operations was 7 per cent (2008: 13 per cent) due to the ability to utilise losses carried forward for which we were previously unable to recognise a deferred tax asset in Jackson, partially offset by the absence of tax relief on the loss on the disposal of the Taiwan agency business.

EARNINGS AND DIVIDEND PER SHARE

Earnings per share

	2009 pence	2008 pence
Basic EPS based on operating profit after tax and minority interest		
EEV	88.8	85.1
IFRS	43.4	39.9
Basic EPS based on total profit/(loss) after minority interests		
EEV	49.8	(54.1)
IFRS	27.0	(16.0)

Dividend per share

The Board intends to recommend a final dividend for 2009 of 13.56 pence per share payable on 27 May 2010 to shareholders on the register at the close of business on 9 April 2010. The interim dividend for 2009 was 6.29 pence per share. As a result, the total dividend for this year, including the interim dividend and the recommended final dividend, amounts to 19.85 pence per share compared with 18.90 pence per share for 2008, an increase of 5 per cent.

The Board will maintain its focus on delivering a growing dividend, which will continue to be determined after taking into account our Group's financial flexibility and our assessment of opportunities to generate attractive returns by investing in specific areas of the business. The Board believes that in the medium term a dividend cover of around two times is appropriate. The 2009 IFRS operating earnings after tax and minorities cover the full year dividend 2.2 times (2008: 2.1 times).

MOVEMENT ON SHAREHOLDERS' FUNDS

	EEV		IFRS	
	2009	2008 AER	2009	2008 AER
	£m	£m	£m	£m
Operating profit based on longer-term investment returns	**3,090**	2,865	**1,405**	1,283
Items excluded from operating profit	**(1,347)**	(4,971)	**(659)**	(1,733)
Total profit (loss) before tax	**1,743**	(2,106)	**746**	(450)
Tax, discontinued operations and minority interest	**(498)**	768	**(70)**	54
Profit (loss) for the period	**1,245**	(1,338)	**676**	(396)
Exchange movements, net of related tax	**(750)**	2,129	**(195)**	510
Unrealised gains and losses on Jackson securities classified as available for sale(1)	**-**	-	**1,043**	(831)
Dividends	**(481)**	(453)	**(481)**	(453)
New share capital subscribed	**141**	170	**141**	170
Other	**162**	(152)	**29**	(4)

Net increase (decrease) in shareholders' funds	**317**	356	**1,213**	(1,004)
Shareholders' funds at beginning of year	**14,956**	14,600	**5,058**	6,062
Shareholders' funds at end of year	**15,273**	14,956	**6,271**	5,058
Comprising				
Long-term business				
Free surplus [(2)]	**2,065**	447		
Required capital [(3)]				