

CORPORATE GOVERNANCE

Hong Kong listing obligations

The directors confirm that the Company has complied with the code provisions of Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange for the reporting period, except that it has deviated in respect of the Terms of Reference of the Remuneration Committee. The Terms of Reference of the Remuneration Committee are limited to considering the remuneration of the Chairman and the executive directors and do not extend to making recommendations to the Board in respect of the remuneration of the non-executive directors. The reason for the deviation is that it would be inconsistent with the principles of the UK Corporate Governance Code for the Remuneration Committee to be involved in setting the fees of non-executive directors.

The directors also confirm that the half year results have been reviewed by the Group Audit Committee.

The Company confirms that it has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than required by Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange, and that the directors of the Company have complied with this code of conduct throughout the period.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future and therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

The UK's Financial Reporting Council (FRC) has published guidance concerning directors' considerations of the Company as a going concern, in particular the guidance pertaining to half year statements. The directors have addressed all relevant procedures and considerations as outlined in the FRC's guidance.

The Company's business activities, together with the factors likely to affect its future development, successful performance and position in the current economic climate are set out in the Business Review.

In this context, the directors have considered liquidity risk, capital and related sensitivities, which are discussed in the Risk and Capital Management section of the Business Review. Specifically, in making their going concern assessment, the directors have considered:

- the Group's capital position;
- the Group's capital commitments;
- the market risk and liquidity profile of the Group's assets and liabilities;
- the maturity profile of the Group's core and operational borrowings;
- various liquidity stress scenarios; and
- the capital and liquidity positions of its subsidiaries.

The Group's IFRS financial statements include cash flow details in the 'Condensed consolidated statement of cash flows' and borrowings information in notes W and X.

SIGNIFICANT SHAREHOLDINGS

As at 30 June 2011, Prudential had received notifications in accordance with Rule 5.1.2R of the Disclosure and Transparency Rules of the Financial Services Authority from the following companies, disclosing their direct or indirect interests in three per cent or more of Prudential's issued ordinary share capital:

Shareholder	Interest
Legal and General Group Plc	3.99%
Norges Bank	4.03%
BlackRock, Inc	5.01%
Capital Research and Management Company	9.91%