

AMP Limited

ABN 49 079 354 519

ASX Appendix 4D for the Half Year Ended 30 June 2007

The information contained in this document should be read in conjunction with the AMP Limited Directors' Report and Financial Report for the half year ended 30 June 2007 and the AMP Limited Annual Report for the year ended 31 December 2006 and any public announcements made by AMP Limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half year ended 30 June		% movement
	2007	2006	
Financial results	\$m	\$m	
Revenue from ordinary activities ⁽¹⁾	6,956	5,717	22%
Profit (loss) from ordinary activities after tax attributable to members ⁽²⁾	470	347	35%
Net profit (loss) for the period attributable to members ⁽²⁾	470	347	35%
Net profit before accounting mismatches ⁽²⁾	561	424	32%

Notes

- (1) Revenue from ordinary activities is the aggregate of premium and related revenue, fee and other revenue and investment gains and losses as detailed in Note 3 of the AMP Limited Half Year Financial Report.
- (2) As explained further in Note 1(c) of the AMP Limited Half Year Financial Report., accounting mismatches arise because the recognition and measurement rules for certain policyholder assets differ from the recognition and measurement rules for the actual liability to policyholders in respect of the same assets. These mismatches result in policyholder asset movements impacting the Net profit after accounting mismatches and increased volatility of the reported profit.

Dividends	Amount per security (cents)	Franked amount per security (cents)
Interim dividend (franked to 85% at tax rate of 30%)	22.0	18.70
Final dividend (franked to 85% at tax rate of 30%)	21.0	15.75

The record date to determine entitlements to the interim dividend Friday, 14 September 2007

The date the interim dividend is payable Friday, 12 October 2007

AMP Limited offers a Dividend Reinvestment Plan under which shareholders who have a registered address in, and are residents of, Australia and New Zealand are invited to reinvest part of any dividends receivable in additional shares. The price of the shares issued under the plan is the market price of the shares as defined in the plan rules rounded down to the nearest one cent.

	Half year ended 30 June	
	2007	2006
Net tangible assets per ordinary share	A\$	A\$
Net tangible assets per ordinary share	0.43	0.79

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COMMENTARY

AMP's strategy of operational excellence continues to drive strong growth and increases in shareholder value.

The company's distribution platform, tight cost control, greater capital and operational efficiency and development of a more constructive culture have enabled it to capitalise on strong market conditions to deliver value for shareholders.

Profit before accounting mismatches rose 32% to \$561 million, compared to \$424 million for the previous corresponding period. The net profit after accounting mismatches was \$470 million, compared to \$347 million for the previous corresponding period.

AMP reported a 27% increase in "underlying profit" to \$534 million for the six months to 30 June 2007, compared to \$420 million for the six months to 30 June 2006.

Underlying profit is a profitability measure that smoothes out the effect of investment market volatility by using average long-term rates of return to calculate investment income in a period, rather than actual investment income, which can be higher or lower than the average long-term rate. Underlying profit is AMP's preferred measure of profitability and is the basis for calculation of AMP's dividends to shareholders.

The result reflected record retail net cashflows, continued falls in cost to income ratios across the business, impressive investment performance and strong growth in assets under management.

The business recorded improvements in its five key performance measures in the first half of 2007:

- Underlying return on equity (RoE) increased to 38.7% from 26.6%.
- Total operating earnings grew by 35% to \$460 million.
- Cost to income ratio fell by 3.6 percentage points to a new low of 36.5%. Controllable costs increased by 7% to \$439 million.
- Value measures¹ in the AMP Financial Services business improved. Embedded value rose 12% in the half year to \$8.2 billion before transfers and the value of new business rose 30% to \$215 million on the first half of 2006.
- Investment performance was above target with 76% of assets under management meeting or exceeding their benchmarks in the half year to June. The target is for 75% of AUM to meet or exceed benchmarks.

AMP's assets under management were \$130 billion at 30 June 2007, up 7% from \$122 billion at 31 December 2006.

AMP generated total investment gains (before tax) attributable to shareholders, policyholders and other equity interests of \$5.5 billion for the half, compared to \$4.5 billion for the previous corresponding period.

The company's original medium term goal, announced in 2005, was to double the value of an investment in AMP between mid 2005 and mid 2010. In August 2006, AMP announced the goal would be achieved by mid 2009.

Following growth of 85% in the two years to June 2007, the goal appears likely to be achieved well in advance of the upgraded assumption.

For this reason, AMP has moved to an evergreen medium term goal to double the value of an investment in AMP every five years.

¹ Embedded value and value of new business reported on traditional basis at 3% discount margin.

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The value of an investment in AMP is measured by calculating the value of dividends and capital returns paid to shareholders, and increases in enterprise value. Enterprise value is calculated as the median of the major stockbroking analyst valuations of AMP each year.

AMP's value as defined above has grown from \$11.6 billion to \$21.4 billion, or by 85%, from June 2005 to June 2007. In the half to June 2007, it grew 19.5% from \$17.9 billion to \$21.4 billion.

Today, AMP is a low capital intensity, high return, high growth wealth management group. AMP intends to continue to leverage scale benefits to grow volumes, drive unit cost reductions, and manage expected reductions in revenue margins to achieve well above average market growth in shareholder value over the cycle.

Capital management

AMP continues to maintain a strong balance sheet, through an efficient and focused capital management strategy.

Since 2004, this strategy has delivered:

- significant increases in dividends per share, rising from 13 cents in the first half of 2004 to 22c in the first half of 2007
- a total of \$2.25 billion in capital returns to shareholders (2005, 2006, 2007)
- and a \$500 million reduction in group debt.

In its 2007 capital return, AMP returned \$750 million (40 cents per share) on 19 June 2007 to AMP shareholders.

Notwithstanding the reduction in AMP's capital from the three capital returns to shareholders in 2005, 2006 and 2007, AMP's balance sheet continued to strengthen over the half-year period from December 2006, with underlying interest cover rising from 15.2 times in 2006 to 18.4 times in the first half of 2007. Gearing on a Standard & Poor's basis was 8% at 30 June 2007.

AMP directors declared a 2007 interim dividend of 22 cents per share (85% franked), up from 19 cents per share in the first half of 2006. This represents a dividend payout ratio of 77%, below the usual payout ratio of 85%. This reflects the fact that Cobalt Gordian's earnings were abnormally high for the half and are unlikely to be sustained at this level.

AMP's capital management strategy is now moving to focus on optimising its capital mix. Future capital management initiatives will be framed against the objective to maintain the Group's 'A' credit rating and are likely to be less frequent, and/or significantly smaller in scale than the capital returns of the past three years.

As a result of the capital return and dividends paid during 2007, partially offset by 2007 profits and movements in reserves and contributed equity, capital and reserves of the group decreased to \$1,793 million at 30 June 2007 from \$2,412 million at 31 December 2006. .

Impact of accounting mismatches on profit

During the half year, the aggregate of accounting mismatches reduced the net profit attributable to AMP Limited shareholders by \$91 million compared with \$77 million for the six months to 30 June 2006.

The accounting mismatches have reduced the net profit after tax of AMP Limited by approximately 16%. They have had no impact on cashflow and value.

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The accounting mismatches are a result of:

- gains and losses on 'treasury shares' (2007: loss \$27 million, 2006: loss \$57 million)
- gains and losses on investments in controlled entities of the life statutory funds (2007: loss \$68 million, 2006: loss \$11 million)
- gains and losses on owner occupied property (2007: no impact, 2006: loss \$17 million)
- discounting of deferred tax balances in the valuation of investment contract liabilities (2007: gain \$4 million, 2006: gain \$8 million).

So that the AMP Limited financial report for half year ended 30 June 2007 can be drawn up in accordance with Australian Accounting Standards and to present a true and fair view of the results of operations, the presentation of the Income statement has been formatted in order to highlight the impact of the accounting mismatches.

Accounting mismatches are one of the significant impacts arising from the implementation of the Australian equivalents to International Financial Reporting Standards (AIFRS).

As detailed in the accounting policies note 1(c) in the Financial Report, accounting mismatches arise because the valuation rules for liabilities to policyholders differ from the valuation rules for certain assets which support those liabilities. The application of the rules to these policyholder assets has an illogical impact on shareholder profit. For example, where policyholder funds own AMP Limited shares, the increase in AMP Limited's share price (rebased for the capital returns) from \$9.72 to \$10.12 in the 6 months to June 2007 (2006: increase from \$7.09 to \$8.79) has driven an accounting loss of \$27 million (2006: loss of \$57 million) in the consolidated result.

The International Accounting Standards Board (IASB) has discussed accounting mismatches at previous meetings. The IASB has confirmed that it would be preferable to eliminate such accounting mismatches, and are reviewing alternative accounting treatments to address the accounting mismatch issue. The current discussions are part of the wider Insurance Contracts project, and as such are not expected to be resolved in the short term.

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DETAILS OF MOVEMENTS IN CONTROLLED ENTITIES

The majority of investment assets held by AMP are in the Australian life insurance statutory funds. At any one time, the life insurance statutory funds hold investments in various vehicles, including entities in which AMP Group has a controlling interest. Most of the changes listed below are controlled entities of the life insurance statutory funds. Other changes include the formation, deregistration, purchase and sale of minor operating controlled entities.

Contributions to net profit (loss) after tax attributable to shareholders of AMP Limited from individual controlled entities gained or lost during the half year are not material.

Controlled entities gained during the half year ended 30 Jun 2007

Name of entity	Date control gained over entity
AMP Capital Lifestyle Company	26-Mar-07
AMP Capital Lifestyle Trust	26-Mar-07
Glendenning Pty Limited	22-Jun-07
Glendenning Trust	22-Jun-07
Jeminex Pty Limited	2-Jan-07
St Georges Terrace Trust	1-May-07

Controlled entities lost during the half year ended 30 Jun 2007

Name of entity	Date control over entity lost
AMP Papamoa Beach Gardens Limited	23-Feb-07
AMP Private Advice Limited	14-Apr-07
AMP US Property Trust	22-Mar-07
Future Directions International Bond Fund 1	10-Apr-07
Future Directions International Bond Fund 2	10-Apr-07
Quay Asset Management (Asia) Sdn Bhd	26-Apr-07
South Pacific Agricultural Company Pty Limited	14-Apr-07

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DETAILS OF INVESTMENTS IN ASSOCIATED ENTITIES AND JOINT VENTURE ENTITIES

The majority of investment assets held by AMP are in the Australian life insurance statutory funds. At any one time, the Australian life insurance statutory funds hold investments in various vehicles, including associated entities. The returns on these investments are included within the total investment gains (losses) for the period. The majority of the gains and losses are attributable to policyholders. The ownership interests in significant associated investments are shown below.

Contributions to net profit (loss) after tax attributable to shareholders of AMP Limited from individual associated entities are not material.

	Ownership Interest	
	30 Jun 2007	31 Dec 2006
COMPANIES	%	%
Gove Aluminium Finance Limited	30	30
Jemine Pty Limited	-	43
Orphan Holdings Pty Ltd	38	40
UNIT TRUSTS		
AMP Equity Trust	23	33
AMP Investments World Index Fund	35	35
AMP NZ Property Fund	38	41
Bourke Place Unit Trust	46	50
Darling Park Property Trust	50	50
Global Property Securities Fund	30	37
Future Directions External Markets International Share Fund	38	30
Infrastructure Equity Fund	28	26
Macquarie Balanced Growth	33	38
Marrickville Metro Trust	50	50
Property Income Fund	29	-
Southland Trust	50	50
Strategic Infrastructure Trust Europe 1	48	48
Strategic Infrastructure Trust Europe 2	48	48
Sugarland Shopping Centre Trust	50	50
Tea Tree Plaza Trust	50	50