AMP ASX Announcement

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Manager Manager
Company Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Market Information Services Section
New Zealand Stock Exchange
Level 2, NZX Centre, 11 Cable Street
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AMP Limited (ASX/NZX: AMP)
(also for release to AMP Group Finance Services Limited (ASX: AQNHA & NZX: AQN010))

Part One: Appendix 4D

Part Two: AMP delivers A$455 million underlying profit for first half of 2011
AMP 2011 interim dividend information
AMP Financial Summary 1H11

Part Three: AMP Financial Services Cashflows Q1 and Q2 2011

Part Four: Investor Presentation

Part Five: Investor Report

Part Six: Directors' Report & Financial Report

AMP Investor Report

Half year 2011

Management and contact details

Executive management team

Craig Dunn	Managing Director and Chief Executive Officer
Paul Leaming	Chief Financial Officer
Craig Meller	Managing Director, AMP Financial Services
Stephen Dunne	Managing Director, AMP Capital Investors
Lee Barnett	Chief Information Officer
Brian Salter	General Counsel and Company Secretary
Jonathan Deane	General Manager, Strategy
Matthew Percival	General Manager, Public Affairs
Fiona Wardlaw	General Manager, Human Resources
Paul Sainsbury	Integration Director
Darryl Mackay	Company Secretary and Head of Secretariat

Investor relations

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Online reports

This investor report is available online at **www.amp.com.au/shareholdercentre** along with other investor relations information.

Contents

Important note

This Investor Report provides financial information reflecting 100% shareholder attributable after income tax results from an operational perspective. The principles of life insurance accounting are used in reporting the results of AFS and AXA. Information is provided on an operational basis (rather than statutory basis) to reflect a management view of the businesses and existing structures. Content is prepared using external market data and internal management information useful for investors. This Investor Report is not audited. In preparing the Investor Report, management has had its external auditor, Ernst & Young, prepare a review statement in relation to specific matters pertaining to some of the information presented herein for management's purposes. This statement has been included in the document for the information of readers; however, it has been prepared solely for directors and management and may not be relied upon by any party other than the directors and management of AMP Limited.

All results have been prepared in accordance with Australian accounting standards.

Forward looking statements in this Investor Report are based on management's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond AMP's control and could cause actual results, performance or events to differ materially from those expressed. These forward looking statements are not guarantees or representations of future performance.

This Investor Report is not an offer document and therefore has not been the subject of a full due diligence process typically used for an offer document. While AMP has sought to ensure that information in this Investor Report is accurate by undertaking a review process, it makes no representation or warranty as to the accuracy or completeness of any information or statement in this Investor Report. In particular, information and statements in this Investor Report do not constitute investment advice or a recommendation on any matter.

AMP also provides statutory reporting prescribed under the Corporations Act 2001. Those accounts will be available from AMP's website www.amp.com.au and reflect policyholder and shareholder interests.

1H 11 performance summary

Key performance measures

Underlying profit of A$455m, includes A$61m contribution from AXA merger for the period 31 March to 30 June 2011

Growth measures:
- AFS net cashflows of A$457m, down from A$584m in 1H 10; AMPCI external net cashflows of A$247m, down from A$1,855m in 1H 10; AXA net cash outflows increased to A$964m from net cash outflows of A$498m in 1H 10
- AFS value of risk new business up A$7m to A$52m[1]; AXA value of risk new business is A$37m[1]

69% of AMPCI's funds met or exceeded benchmark for the 12 months to 30 June 2011, up from 64% for the 12 months to 30 June 2010

Underlying return on equity of 18.1%, reflecting the merger with AXA and higher capital until changes to regulatory standards are finalised

Profit and profit drivers

Underlying profit of A$455m and net profit attributable to shareholders of AMP Limited of A$349m

- AFS contemporary wealth management operating earnings up 5% and AFS contemporary wealth protection up 15%
- AMPCI operating earnings down 7%, AFS mature down 2% and AFS New Zealand down 34%
- AXA operating earnings of A$59m for the period 31 March to 30 June 2011
- Total investment income up A$24m to A$80m, reflecting the merged organisation

Cashflows, AUM, API and banking

Group AUM up to A$159b in 1H 11, reflecting the merger

- AFS AUM up 1% to A$78b from FY 10
  - Contemporary wealth management net cashflows A$721m, down 16% on 1H 10
  - 1H 11 retail superannuation and pensions net cashflows up 41% to A$482m; AMP Flexible Super net cashflows of A$1,475m in 1H 11
- AMPCI external net cashflows down to A$247m in 1H 11 (A$1,855m in 1H 10), reflecting difficult trading conditions in Japan
- AXA AUM down 4% to A$44b, reflecting net cash outflows of -A$964m in 1H 11; North net cashflows of A$210m in 1H 11
- AFS Australia individual risk API increased 9% to A$670m, AFS group risk API increased 2% to A$148m, AFS NZ individual risk API increased 8% to NZ$160m from 1H 10
- AXA Australia individual risk API increased 7% to A$556m, AXA group risk API increased 5% to A$184m, AXA NZ total risk API increased 4% to NZ$191m from 1H 10
- AMP Bank mortgage and deposit books up 9% and 17% on FY 10 respectively

Controllable costs and cost ratios

Total costs increased to A$559m, cost to income ratio up 2.6 percentage points to 44.8% reflecting the merger

- AFS controllable costs increased 5% to A$274m (cost to income ratio 33.9%), AMPCI controllable costs increased 6% to A$144m, AXA controllable costs were A$103m for the period 31 March to 30 June 2011
- Controllable costs to AUM increased from 76 bps to 80 bps

Capital management and dividend

- Excess capital over minimum regulatory requirements was A$2,174m and regulatory capital resources were 2.1 times MRR at the end of 1H 11, reflecting the merger
- Interest cover (underlying) remains strong at 12.1 times
- Gearing on an S&P basis is 11%
- Interim dividend of 15 cents per share (cps) was declared for 1H 11

1 Represents value of new business for AFS and AXA's Australian and New Zealand's risk businesses for the six months to 30 June 2011.

Financial summary

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss					
Australian contemporary wealth management	**157**	150	153	303	4.7
Australian contemporary wealth protection	**84**	73	65	138	15.1
Australian mature	**67**	68	72	140	(1.5)
New Zealand	**21**	32	26	58	(34.4)
AMP Financial Services	**329**	323	316	639	1.9
AXA[1]	**59**	-	-	-	n/a
AMP Capital Investors	**41**	44	43	87	(6.8)
BU operating earnings	**429**	367	359	726	16.9
Group Office costs[2]	**(26)**	(20)	(20)	(40)	(30.0)
Total operating earnings	**403**	347	339	686	16.1
Underlying investment income[2]	**83**	64	66	130	29.7
Interest expense on corporate debt[2]	**(39)**	(36)	(36)	(72)	(8.3)
AMP Limited tax loss recognition	**8**	8	8	16	-
Underlying profit	**455**	383	377	760	18.8
Market adjustment - investment income[2]	**(3)**	(8)	3	(5)	n/a
Market adjustment - annuity fair value	**16**	5	17	22	n/a
Market adjustment - risk products[2]	**(1)**	10	(17)	(7)	n/a
Loan hedge revaluations	**-**	8	(7)	1	n/a
Other items[3]	**(17)**	4	(6)	(2)	n/a
Profit after income tax before AXA merger adjustments and accounting mismatches	**450**	402	367	769	11.9
M&A transaction costs[4]	**(34)**	(7)	(9)	(16)	n/a
AXA ANZ integration costs	**(36)**	-	-	-	n/a
Amortisation of AXA acquired intangible assets	**(22)**	-	-	-	n/a
Accounting mismatches	**(9)**	30	(8)	22	n/a
Net profit attributable to shareholders of AMP Limited	**349**	425	350	775	(17.9)

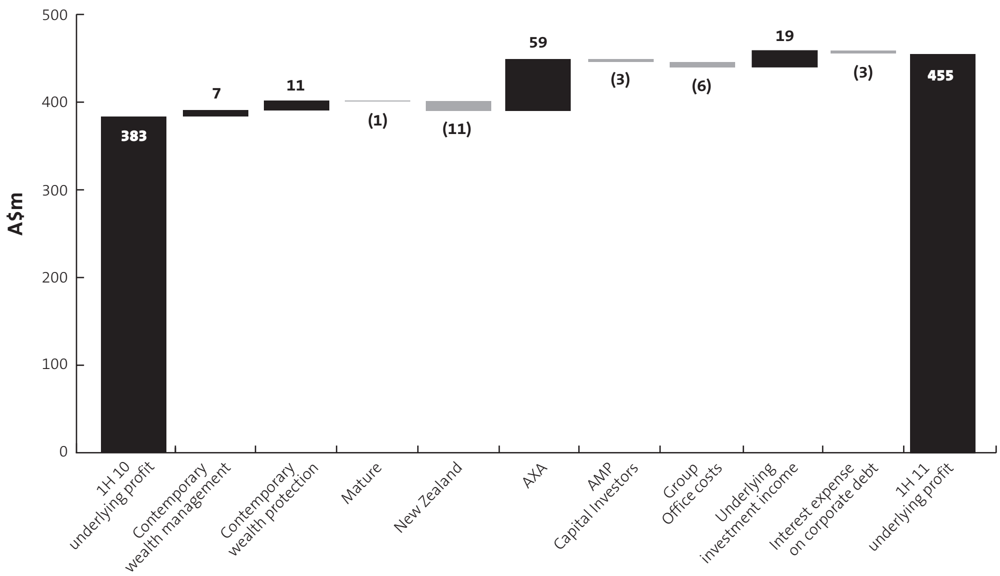
1 AXA operating earnings relate to the AXA Australian and New Zealand businesses. 1H 11 operating earnings are for the period 31 March to 30 June 2011. Refer to pages 26 to 28 for more detail.

2 All line items impacted by the merger with AXA Australian and New Zealand businesses.

3 Other items principally comprise one-off and non-recurring costs. Refer to page 49 for more details.

4 M&A transaction costs principally relate to the merger with AXA Asia Pacific Holdings Limited. Refer to page 49 for more detail.

Movement in underlying profit 1H 10 to 1H 11



Financial summary cont'd

		1H 11	1H 10	2H 10	FY 10
Earnings					
EPS - underlying (cps)		**18.5**	18.6	18.1	36.7
EPS - actual (cps)		**14.4**	20.9	17.0	37.9
RoE - underlying		**18.1%**	27.4%	25.1%	26.2%
RoE - actual		**13.9%**	30.4%	23.3%	26.7%
Dividend					
Dividend per share (cps)		**15**	15	15	30
Dividend payout ratio - underlying		**81%**	81%	83%	82%
Ordinary shares on issue (m)[1]		**2,812**	2,072	2,094	2,094
Weighted average number of shares on issue (m)[1]	- basic	**2,462**	2,059	2,082	2,070
	- fully diluted	**2,476**	2,069	2,094	2,082
Market capitalisation - end period (A$m)		**13,749**	10,795	11,080	11,080
Capital management					
AMP shareholder equity (A$m)		**6,991**	2,891	3,046	3,046
Corporate debt (excluding AMP Bank debt) (A$m)		**1,536**	1,363	886	886
S&P gearing		**11%**	15%	10%	10%
Interest cover - underlying (times)		**12.1**	12.3	11.6	11.6
Interest cover - actual (times)		**10.3**	12.5	11.8	11.8
EV and VNB					
AFS value of risk new business (3% dm) (A$m)		**52**	45	63	108
AXA value of risk new business (3% dm) (A$m)		**37**			
AFS EV after transfers - (3% dm) (A$m)[2]		**7,874**	7,666	7,757	7,757
AXA EV after transfers - (3% dm) (A$m)[2]		**3,213**			
AFS return on EV - (3% dm)		**5.1%**	3.3%	5.7%	8.8%
AXA return on EV - (3% dm)		**2.1%**			
Cashflows and AUM					
AFS cash inflows (A$m)		**7,256**	6,374	7,006	13,380
AFS cash outflows (A$m)		**(6,799)**	(5,790)	(6,801)	(12,591)
AFS net cashflows (A$m)		**457**	584	205	789
AFS persistency		**90.2%**	90.7%	89.9%	90.4%
AFS AUM - AMPCI managed (A$b)		**61**	58	61	61
AFS AUM - externally managed (A$b)		**17**	16	17	17
AXA cash inflows (A$m)[3,4]		**2,769**			
AXA cash outflows (A$m)[3,4]		**(3,733)**			
AXA net cashflows (A$m)[3,4]		**(964)**			
AXA persistency[3,4]		**84.1%**			
AXA AUM (A$b)[4]		**44**			
AMPCI net cashflows - external (A$m)		**247**	1,855	763	2,618
AMPCI net cashflows - internal (A$m)		**(1,162)**	(679)	(1,691)	(2,370)
AMPCI AUM (A$b)		**98**	95	98	98
Total AUM (A$b)		**159**	111	115	115
Investment performance - AMPCI					
Percentage of funds meeting or exceeding benchmark - total AUM[5]		**69%**	64%	63%	63%
Controllable costs and cost ratios					
Operating costs (A$m)[6]		**516**	392	413	805
Project costs (A$m)[6]		**43**	34	45	79
Total controllable costs (A$m)[6]		**559**	426	458	884
Cost to income ratio[7]		**44.8%**	42.2%	44.4%	43.3%
Controllable costs to AUM (bps)[6]		**80**	76	80	78

1 Number of shares has not been adjusted to remove treasury shares.

2 AFS 1H 11 transfers of A$330m (FY 10 A$851m). AXA 1H 11 transfers of A$297m.

3 1H 11 includes AXA for period 1 January 2011 to 30 June 2011.

4 AXA cashflows, persistency and AUM exclude AllianceBernstein and ipac Wholesale (International) and financial protection businesses in Australia and New Zealand.

5 Performance figures are on a 12 month rolling basis for total AMPCI AUM.

6 Includes A$103m of AXA controllable costs for the period 31 March 2011 to 30 June 2011.

7 Costs to income ratio includes AXA controllable costs, underlying investment income and operating earnings for the period 31 March 2011 to 30 June 2011.

Five year summary

		1H 11	1H 10	1H 09	1H 08	1H 07
Earnings						
Total operating earnings (A$m)		**403**	347	332	394	382
Underlying profit (A$m)		**455**	383	367	437	446
Net profit attributable to shareholders of AMP Limited (A$m)		**349**	425	362	366	470
EPS - underlying (cps)		**18.5**	18.6	18.3	23.3	27.9
EPS - actual (cps)		**14.4**	20.9	18.2	14.8	30.0
RoE - underlying		**18.1%**	27.4%	31.6%	40.5%	38.0%
RoE - actual		**13.9%**	30.4%	31.2%	29.4%	40.1%
Dividend						
Dividend per share (cps)		**15**	15	14	22	22
Dividend per share - sale of Cobalt/Gordian business (cps)					2	
Dividend payout ratio - underlying		**81%**	81%	77%	94%	79%
Capital returns per share (cps)		**-**	-	-	-	40
Ordinary shares on issue (m)[1]		**2,812**	2,072	2,014	1,875	1,875
Weighted average number of shares on issue (m)	– basic[1]	**2,462**	2,059	2,008	1,875	1,875
	– fully diluted[1]	**2,476**	2,069	2,018	1,883	1,882
Share price for the period (A$)	– low[2]	**4.67**	5.21	3.59	6.49	9.48
	– high[2]	**5.78**	6.77	5.66	9.98	10.56
EV and VNB						
Value of new business - (3% dm) (A$m)[3]		**195**	140	141	167	203
Value of risk new business - (3% dm) (A$m)[3]		**89**	45	47	44	39
AFS return on EV - (3% dm)[3]		**5.1%**	3.3%	2.7%	0.8%	12.3%
AXA return on EV - (3% dm)[3]		**2.1%**				
Capital management						
AMP shareholder equity (A$m)		**6,991**	2,891	2,357	2,037	2,173
Corporate debt (excluding AMP Bank debt) (A$m)		**1,536**	1,363	1,389	1,443	1,061
S&P gearing		**11%**	15%	16%	13%	8%
Interest cover - underlying (times)		**12.1**	12.3	10.0	13.5	19.1
Interest cover - actual (times)		**10.3**	12.5	8.0	11.6	20.1
Cashflows and AUM						
AFS net cashflows (A$m)		**457**	584	865	760	2,413
AFS persistency		**90.2%**	90.7%	90.3%	90.0%	89.4%
AXA net cashflows (A$m)[4]		**(964)**	(498)			
AXA persistency		**84.1%**	84.4%			
AMPCI net cashflows - external (A$m)		**247**	1,855	192	369	1,414
AMPCI AUM (A$b)		**98**	95	89	100	111
AUM externally managed (A$b)		**17**	16	14	16	18
AXA AUM (A$b)		**44**				
Total AUM (A$b)		**159**	111	103	116	129
Investment performance - AMPCI						
Percentage of funds meeting or exceeding benchmark - total AUM[5]		**69%**	64%	32%	57%	76%
Costs and cost ratios						
Controllable costs (A$m)[6]		**559**	426	413	442	421
Cost to income ratio[7]		**44.8%**	42.2%	42.4%	39.9%	38.5%
Controllable costs to AUM (bps)[6]		**80**	76	81	72	67
Staff numbers						
AFS[8]		**1,870**	1,891	1,840	2,233	2,042
AXA[8]		**2,483**				
AMPCI[9]		**976**	919	954	984	798
Group Office		**883**	867	876	949	915
Total staff numbers		**6,212**	3,677	3,670	4,166	3,755

1 The number of shares has not been adjusted to remove treasury shares.
2 In June 07, A$0.40 per share was returned to shareholders. High and low share price has been adjusted accordingly.
3 Value measures based on AFS and AXA relate to the period 1 January 2011 to 30 June 2011.
4 AXA net cashflows for the period 1 January 2011 to 30 June 2011.
5 Performance figures are on a 12 month rolling basis.
6 Includes A$103m of AXA controllable costs for the period 31 March 2011 to 30 June 2011.
7 Cost to income ratio includes AXA controllable costs, underlying investment income and operating earnings for the period 31 March 2011 to 30 June 2011.
8 Excludes self employed and employed advisers.
9 1H 11 includes 295 FTEs (1H 10 257) whose costs are recharged to shopping centres and various joint ventures.

Strategic overview

Overview

AMP is the leading independent wealth management company in Australia and New Zealand, with an evolving banking business in Australia and selective investment management activities in Asia.

In March 2011, AMP merged with the Australian and New Zealand businesses of AXA Asia Pacific Holdings Limited (AXA) to create a new competitive force in wealth management.

The new combined company has a compelling set of advantages in its:
- scale and efficiency
- customer base
- brand
- distribution footprint
- and broader, deeper set of quality contemporary products and platforms.

AMP today holds number one ranking across key market segments in Australia and New Zealand, is Australia's largest superannuation provider and one of the largest domestic investment managers.

AMP has the largest advice networks in Australia and New Zealand, with over 4,000 aligned and employed advisers and planners, in addition to extensive relationships with independent financial advisers.

AMP has a range of market-leading products and platforms, including the highly rated AMP Flexible Super range, award winning AMP Flexible Protection and AXA Elevate risk products, one of the industry's largest and most efficient mastertrust platforms, and the highly rated wrap platform, North.

In addition, AMP has a number of highly rated investment funds, a strong multi-manager capability in both AMPCI and ipac, and a broad and growing SMSF offering. AMP's SMSF offering includes Multiport, Personalised Portfolio Service and SuperIQ.

AMP's two business units will continue to be AMP Financial Services (AFS) and AMP Capital Investors (AMPCI). The Australian and New Zealand businesses of AXA are being merged into AFS and AMPCI.

Capital management

AMP remains strongly capitalised, with A$2,174m in regulatory capital resources above minimum regulatory requirements (MRR) at 30 June 2011 (A$1,482m at 31 December 2010). Regulatory capital was 2.1 times MRR (2.4 times at 31 December 2010). This capital strength includes the contribution from the merger with AXA on 30 March 2011 and a number of capital initiatives undertaken during 1H 11.

AMP continues to take a prudent approach to capital management and has a bias towards holding more capital rather than less in light of continuing market volatility and until changes to regulatory capital standards are finalised.

AMP's interim 2011 dividend is 15 cents per share franked at 30%. This is a dividend payout ratio of 81%. AMP's dividend payout policy remains 75% to 85% of underlying profit and franked to the maximum extent possible.

AMP will continue to offer a Dividend Reinvestment Plan (DRP). AMP will offer a discount of 1.5% to DRP participants. The DRP will not be underwritten and new shares will be issued.

Strategy

A key goal of AMP is to deliver outstanding business value by:
- delivering quality services and products that respond to the needs of fast growing customer segments
- building a professional aligned planner force with above market growth and productivity
- capitalising on a broader, more productive distribution footprint and expanding into select Asian investment management markets.

AMP's balance sheet strength and resilient business model have enabled it to continue to invest in its business operations to deliver a more competitive, stronger growing business. Over the past two years, this investment has focused on renovating the core business, sharpening its customer focus, expanding into new markets and geographies, increasing scale and adding new strategic capabilities through targeted M&A.

The merger with AXA is now accelerating the delivery of AMP's growth strategy, with more customers, increased scale, a broader distribution footprint and a wider and more competitive set of contemporary products.

AMP's ongoing strategic investment has also enabled the company to respond quickly to changing regulatory requirements and consumer expectations.

Delivering quality services and products that respond to the needs of fast-growing customer segments: AMP now has over four million customers, with an above-average share of 35-64 year olds, and a relatively higher proportion of small business owners and high net worth individuals, compared to industry averages.

The company is developing and enhancing its range of products and services to meet and anticipate the needs of these customers, and the broader consumer market, particularly those in segments with above-system growth potential.

AMP's award-winning products, platforms and funds include:
- Flexible Super - personal, employer and retirement options
- SignatureSuper Pension
- CustomSuper
- Flexible Protection
- Elevate Term and TPD insurance
- AMP Capital Investors Property Securities Fund, and
- the North platform.

AMP was the first Australian wealth manager to develop a fully-modular superannuation and retirement income product that adapts to customers' life stages. Launched in 2010, AMP Flexible Super now has over A$2.8b in assets under management, with approximately 70,000 customers, many of them new to AMP.

The AMP Flexible Super product range is performing exactly as designed - attracting a new, younger customer base, offering value for money to consumers while returning attractive margins to shareholders.

AMP Flexible Super has received a number of awards and recommendations, including from Cannex and the Heron Partnership.

Strategic overview cont'd

The AXA North platform was originally launched in 2007, offering a Protected Growth guarantee product on a basic platform. Over the past three and a half years, a program of continuous enhancement has added new products and enhanced functionality, culminating this year in the development of a full investment, full service wrap platform.

The North platform has attracted over A$1.8b in assets under management and was voted by advisers as the Platform of the Year in CoreData-brandmanagement's 2011 industry survey.

Australia's market leader in the personal insurance market, AMP offers two distinct product ranges, AMP Flexible Lifetime Protection and AXA Elevate, and will continue to invest in both to ensure they remain competitive.

AMP will create a new retail risk insurance product range within the next two years that builds on the best attributes of the two current risk insurance offerings. The transition to the new product will be managed in a way that safeguards the interests of existing customers and will adopt AMP's existing practice of refreshing the features on its current risk products.

Since the merger was completed on 30 March 2011, two key AXA group risk contracts have been retained in competitive tenders.

AMP Bank remains an integral part of AMP with over 110,000 customers, a mortgage book of A$11.0b and a deposit book of A$5.6b.

Building a professional aligned planner force with above-market growth and productivity: AMP's aligned and employed financial planner networks offer financial advice under multiple brands to provide choice to both advisers and customers. In Australia, for new superannuation, pension and investment business, these networks have been operating on a fee-for-advice basis since July 2010 - well ahead of any regulatory requirement. In New Zealand, these networks are in the process of moving to a fee-for-advice basis.

The quality of these networks has been externally recognised, with AMP Financial Planning (AMPFP) being named as the 2011 Money Management Institutional Dealer Group of the year, while licensees within the AXA Financial Advice Network (FAN) have been voted first, second and third out of 40 as the most attractive licensees to work with, in CoreData-brandmanagement's annual licensee study. FAN includes AXA Financial Planning, Charter Financial Planning, Genesys Wealth Advisers and Jigsaw Support Services.

AMPFP's award was based on its planner retention, planner growth and the ratio of planners to funds under administration over the past 12 months.

AMPFP growth has been driven by business as usual recruitment and AMP's Horizons academy, which has produced 347 graduates to date. AMPFP is also expected to benefit from sponsoring the AMP University Challenge.

The acquisition of the 12-practice IRIS Financial Group in July 2011, will boost Hillross planner numbers.

Adviser numbers: AMP has the largest aligned and employed financial planner network in Australia and New Zealand, with 4,015 financial planners and advisers and 1,620 practices as at 30 June 2011. In Australia, planner numbers declined 26 to 3,347 in 1H 11. Declines in the AXA FAN were partly offset by growth in AMPFP.

Adviser numbers in FAN declined 4% or 61 in 1H 11. The decline in FAN planner numbers occurred in the first quarter of 2011, reflecting lower recruitment activity, against a background of economic, regulatory and merger uncertainty and increased competitor activity.

Adviser numbers in AMPFP, including Horizons, increased by 40 to 1,566 in 1H 11 as a result of the Horizon programme and the success of initiatives to boost planner practice numbers.

New Zealand adviser numbers declined 13 to 668 due to changing regulation and the challenging operating environment.

AFS has introduced a range of services and tools to support increased planner productivity, including:

- **paraplanning**, where volumes have increased by 52% on the same time last year, with a 12% uplift in the number of planners using the service
- **My Money Choices**, a scaled advice model offering a variety of simple advice modules, which is now being used by over 500 planners, and
- **Financial Planning Centre**, which offers centralised support services and a retail presence for planners. In September, AMP will open its second Financial Planning Centre in Melbourne after opening its first in Sydney in 2010.

Capitalising on a broader, more productive distribution footprint: In 1H 11, AMP Capital Investors restructured part of its business to focus more intently on the retail investment market opportunities in Australia and New Zealand created through the combined group's broader distribution footprint. A key objective is to ensure investment insights are packaged more effectively as part of the retail solutions offered by the group.

Simultaneously, while aligned and employed advisers remain critical business partners for the merged organisation, AMP is also serving customers who choose to access its products and services through different channels, including corporate super, direct retail investment (through AMP Capital Investors), telephone and internet, and independent financial advisers (IFAs).

Strategic overview cont'd

The merger with AXA has created a significant presence in the IFA market. IFAs generated 53% of AXA Elevate's sales in 1H 11 and AFS has also continued to grow its risk insurance sales through IFAs, up 72% on 1H 10. 13% of AFS's individual risk API is now sourced through IFAs and alliances.

IFAs have been a significant source of AUM for the North platform, contributing 35% of AUM at 1H 11.

In corporate superannuation, SignatureSuper continued to win new client mandates in 1H 11, with net cashflows increasing 7%. In addition, AMP Flexible Super has 1,400 employer plans and 8,000 customers.

Expanding into select Asian investment management markets: AMP Capital Investors has continued its targeted expansion into specific Asian investment markets, and now sources 9% of its AUM from Asia. This includes A$8b in AUM the business manages for Japanese clients.

The natural disasters in Japan in 1H 11 have impacted investor sentiment and cashflows. However, AMP Capital Investors still generated A$0.5b in net cashflows from Asian clients in this half, predominantly from Japanese retail investors.

AMP Capital Investors also raised €241m and secured 12 institutional investors, including a number of institutional clients in Japan, for its Wholesale Infrastructure Debt Fund.

Integration update

AMP completed the merger with the Australian and New Zealand businesses of AXA on 30 March 2011.

Integration of the business began immediately, with three objectives:
- to maintain business momentum across the organisation while bringing the two companies together
- to sharpen the merged organisation's competitive edge by delivering on planned synergies and drawing on the strengths of both businesses
- to build a stronger growth platform for the merged company than either business had as a stand alone organisation.

In the four and a half months since the transaction completed, AMP has:
- upgraded its expected integration synergies to A$140m post tax, reflecting greater opportunities identified across the merged group to improve efficiencies. AMP delivered A$18m in annualised post-tax run rate synergies in 1H 11, with A$30m annualised post tax synergies expected by year-end
- increased its integration budget to A$310m post tax to capture greater synergy opportunities with an improved return on investment
- taken successful action to retain key talent and advisers across the AXA and AMP network
- confirmed new management teams and structures for the AMP group, AMP Financial Services and AMP Capital Investors
- implemented appropriate governance frameworks to manage the combined group
- launched a new AMP logo
- aligned the risk appetite of AXA's shareholder funds with AMP's, and
- finalised the investment profile and priorities required to effectively integrate the two businesses and establish a strong growth platform.

A timeline has also been established for the integration change program, although it will be flexible to manage the impact of other potential change programs, such as regulatory change.

Regulatory environment

AMP has been successfully evolving and adapting its Australian and New Zealand businesses to position them ahead of regulatory change.

In Australia, regulatory changes being considered by the federal government include the Future of Financial Advice (FOFA) reforms covering financial advisers. These reforms include a prospective ban on commissions and volume based payments and a statutory fiduciary duty on financial planners. Stronger Super reforms, covering the governance and administration of superannuation, are also being considered by the federal government.

Draft FOFA legislation is expected in 2H 11, with some elements potentially effective from 1 July 2012. The government-appointed consultative group for Stronger Super has reported to the government. The government is expected to respond to these recommendations later in the year.

AFS and AXA have already moved to introduce many of the changes under discussion, including removing commissions on new superannuation, pension and investment business, and shifting to fee-for-advice business models across its aligned planner network.

AMP supports legislative changes that deliver better outcomes for consumers and enhance consumer confidence in the financial advice profession. AMP also strongly supports the government's intention to lift the superannuation guarantee from 9% to 12% over the next decade.

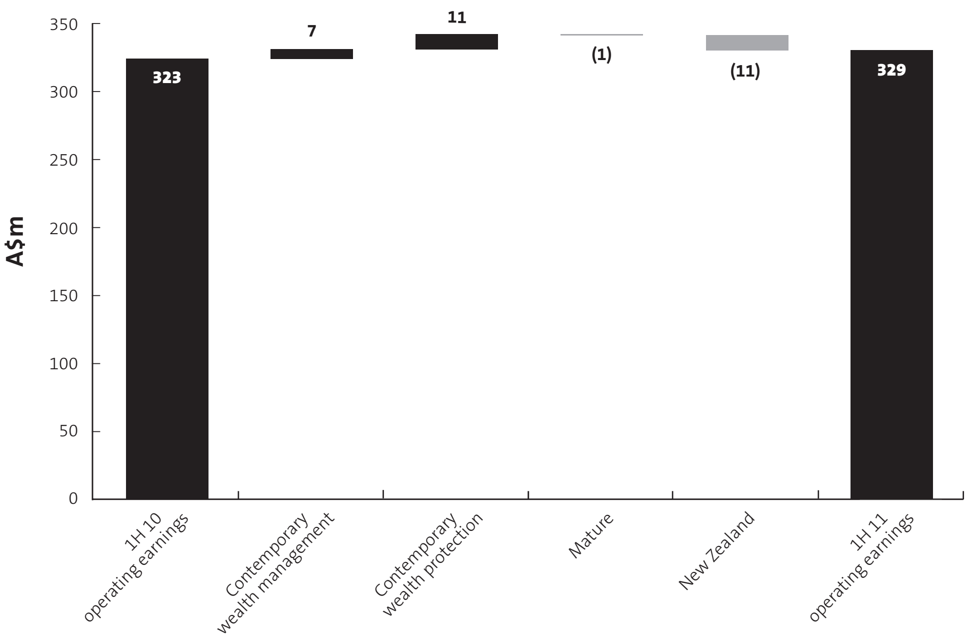
In New Zealand, AMP was one of the first wealth managers to be awarded a new licence under the New Zealand Financial Advisers Act which came into effect on 1 July 2011. The combined AMP and AXA business in New Zealand has more than a quarter of the licensed advisers in New Zealand.

A number of regulatory capital reviews are also underway. In Australia, these include separate reviews by APRA and the Australian Securities and Investments Commission. The New Zealand Reserve Bank is reviewing solvency standards of insurance companies.

AMP Financial Services financial summary

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss					
Profit margins	**326**	321	330	651	1.6
Experience profits/(losses)	**3**	2	(14)	(12)	50.0
Operating earnings	**329**	323	316	639	1.9
Underlying investment income	**44**	39	40	79	12.8
Underlying operating profit after income tax	**373**	362	356	718	3.0
Controllable costs and cost ratios					
Operating costs	**244**	235	247	482	3.8
Project costs	**30**	26	37	63	15.4
Total controllable costs	**274**	261	284	545	5.0
Cost to income ratio	**33.9%**	33.6%	35.8%	34.7%	n/a
Controllable costs to AUM (bps)	**70**	69	75	72	n/a
Return on capital					
RoBUE	**31.7%**	32.5%	31.1%	31.8%	n/a
End period tangible capital resources - after transfers (A$m)	**2,370**	2,164	2,221	2,221	9.5
Cashflows, AUM and persistency					
AFS cash inflows (A$m)	**7,256**	6,374	7,006	13,380	13.8
AFS cash outflows (A$m)	**(6,799)**	(5,790)	(6,801)	(12,591)	17.4
AFS net cashflows (A$m)	**457**	584	205	789	(21.7)
AMP Flexible super net cashflows (A$m)	**1,475**	91	1,257	1,348	n/a
AUM (pre-capital) (A$b)	**76.1**	72.4	75.7	75.7	5.1
Persistency	**90.2%**	90.7%	89.9%	90.4%	n/a
VNB - risk insurance and risk annual premium in-force (API)					
Value of risk new business (3% dm) (A$m)	**52**	45	63	108	15.6
Australian individual risk API (A$m)	**670**	616	662	662	8.8
New Zealand individual risk API (NZ$m)	**160**	148	151	151	8.1

Movement in operating earnings 1H 10 to 1H 11



Australian contemporary wealth management

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss[1]					
Revenue					
Investment related[2]	**461**	459	466	925	0.4
Bank related	**88**	70	76	146	25.7
Other[3]	**38**	37	44	81	2.7
Total revenue	**587**	566	586	1,152	3.7
Planner payments[4]	**74**	85	74	159	(12.9)
Investment management expense	**87**	80	84	164	8.8
Bank variable costs	**23**	20	23	43	15.0
Other variable costs	**6**	4	4	8	50.0
Total variable costs	**190**	189	185	374	0.5
Controllable costs	**173**	163	181	344	6.1
Tax expense	**67**	64	67	131	4.7
Operating earnings	**157**	150	153	303	4.7
Underlying investment income	**10**	9	10	19	11.1
Underlying operating profit after income tax	**167**	159	163	322	5.0
RoBUE	**39.9%**	40.8%	40.9%	40.9%	n/a
End period tangible capital resources - after transfers (A$m)	**832**	746	786	786	11.5
Net cashflows (A$m)	**721**	855	536	1,391	(15.7)
AUM (pre-capital) (A$b)	**54.0**	50.0	53.7	53.7	8.0
Average AUM (including capital) (A$b)[5]	**54.8**	51.5	52.3	51.9	6.4
Persistency	**89.9%**	90.7%	89.7%	90.3%	n/a
Cost to income ratio	**42.1%**	41.7%	43.9%	42.9%	n/a
Investment related revenue to AUM (bps)[2,5,8]	**170**	180	177	178	n/a
Variable costs to AUM (bps)[5,6,8]	**62**	66	61	64	n/a
Investment related revenue less variable costs to AUM (bps)	**108**	114	115	114	n/a
Controllable costs to AUM (bps)[5,6,8]	**56**	56	60	58	n/a
Operating earnings to AUM (bps)[5,7,8]	**46**	51	50	50	n/a

1 Contemporary wealth management business comprises: retail superannuation, corporate superannuation, retail investment, allocated pensions/annuities, external platforms, AMP Bank and Financial Planning, Advice & Services.

2 Investment related refers to revenue on superannuation and allocated pensions/annuities and investment products.

3 Other revenue includes product and platform fees received by Financial Planning, Advice & Services from AFS contemporary wealth protection and movements in the value of client registers purchased from financial planners.

4 Planner payments represent payments by AMP customers to planners.

5 Based on monthly average AUM including capital.

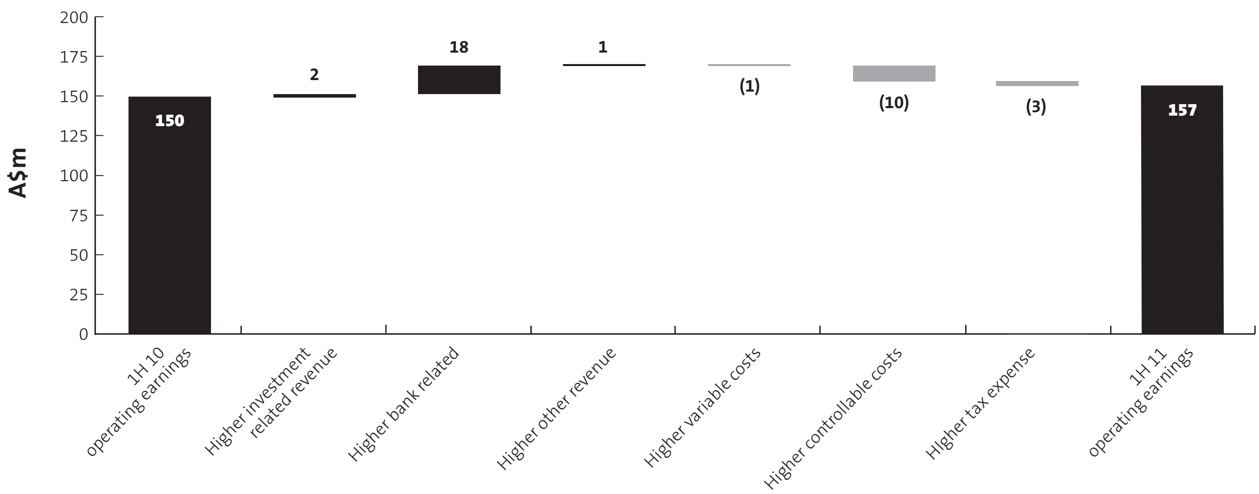
6 Costs in this ratio exclude AMP Bank costs.

7 Operating earnings in this ratio exclude AMP Bank.

8 Ratio based on 181 days in 1H and 184 in 2H.

9 Contemporary wealth management EV and VNB are detailed on page 31.

Movement in operating earnings 1H 10 to 1H 11



Australian contemporary wealth management cont'd

Business overview

The contemporary wealth management (CWM) business is focused on providing customers with financial planning services, superannuation, retirement income, investment and banking products.

CWM's key priorities continue to be:

- improving the quality of the advice experience and developing complementary advice channels
- driving AUM and revenue growth while remaining vigilant on cost control
- improving planner productivity and growing planner numbers
- positioning AFS for a changing regulatory environment.

Operating earnings

Operating earnings increased by A$7m (5%) to A$157m in 1H 11 due to higher revenue, partially offset by higher controllable costs. The increase in revenue was driven by higher bank related revenue, up 26% (A$18m) on 1H 10.

Investment related revenue to AUM

Investment related revenue to AUM fell 7 bps from 2H 10 to 170 bps in 1H 11. The decline was primarily due to:

- the impact of repricing of AMP's closed superannuation and pension products on 1 November 2010 (2 bps). This impact is offset by lower investment management expenses
- product mix (3 bps) from the move to lower margin products including cash and the impact of growth in the explicitly priced AMP Flexible Super product range
- higher fee rebates and lower corporate superannuation participating profits (SuperLeader) (2 bps)
- lower initial planner fees on contributions due to lower new business volumes (1 bps)

Offset by:

- other (1 bps).

The decline in investment related revenue due to changing product mix includes a customer preference for lower margin cash options, which benefits the funding of AMP Bank and growth in its operating earnings.

Variable costs to AUM

Variable costs to AUM increased 1 bp from 2H 10 to 62 bps in 1H 11. Investment management expenses bps were unchanged from 2H 10 with the 2 bps benefit from negotiated lower external investment management expenses offset by recognising expenses from certain external fund managers previously deducted from investment related revenue. Lower initial planner fees and lower ongoing planner payments due to product mix were offset by increased planner support costs.

AMP Bank

AMP Bank has over 110,000 customer accounts, a mortgage book of A$11.0b and a deposit book of A$5.6b. AMP Bank uses direct and third party distribution, including AMP financial planners and third party mortgage brokers to distribute its products. Mortgages are funded by a combination of on-balance sheet (67% being retail, superannuation and wholesale deposits) and off-balance sheet (33% being securitisation) funding.

AMP Bank remains well positioned, with a capital adequacy ratio of 11.6% and a 90+ days loan arrears of 0.51% at 30 June 2011. Tier 1 capital adequacy ratio at 30 June 2011 was 8.4%.

AMP Bank mortgage book increased by A$0.9b (9%) in 1H 11. The mortgage book grew above system growth in 1H 11, increasing on average 1.5% per month, compared to 0.5% for the market.

AMP Bank's deposit book increased by A$0.8b (17%) in 1H 11 and has increased 30% on 1H 10.

AMP Bank contributed A$31m to CWM operating earnings in 1H 11, up from A$21m in 1H 10. In 1H 11, Bank related revenue increased 26% due to a higher net interest margin and strong mortgage growth (funded largely by the increase in deposits). AMP Bank's net interest margin in 1H 11 was 1.6%, up from 1.3% in 1H 10. Bank variable costs increased by 15% on 1H 10 driven by the growth in mortgages. Controllable costs were A$21m in 1H 11, up from A$20m in 1H 10. The cost to income ratio fell to 32.0% in 1H 11 from 40.1% in 1H 10 due to higher revenue.

AMP Bank's return on capital increased to 18.0% in 1H 11 from 14.3% in 1H 10. AMP Bank expects to manage its funding, liquidity and capital requirements through diversified funding sources including deposits, securitisation and term funding. AMP Bank completed a A$940m securitisation in May 2011.

Controllable costs

CWM controllable costs increased 6% (A$10m) to A$173m in 1H 11. The increase in costs was due to higher project costs, including continued investment in growth initiatives such as Personalised Portfolio Service, and higher employment costs.

The 1H 11 cost to income ratio increased by 0.4 percentage points to 42.1%.

Controllable costs to AUM was unchanged at 56 bps in 1H 11.

Return on capital

RoBUE for 1H 11 was 39.9%, down from 40.8% in 1H 10, reflecting higher capital allocated to AMP Bank as a result of mortgage growth.

Australian contemporary wealth protection

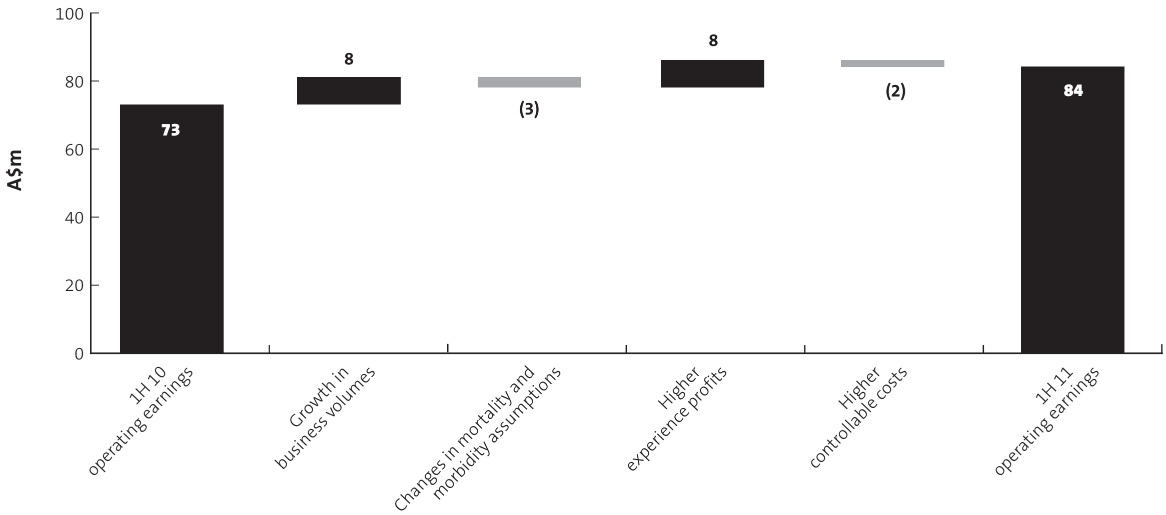
A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss[1]					
Profit margins	**79**	76	76	152	3.9
Experience profits/(losses)	**5**	(3)	(11)	(14)	n/a
Operating earnings	**84**	73	65	138	15.1
Underlying investment income	**19**	15	17	32	26.7
Underlying operating profit after income tax	**103**	88	82	170	17.0
RoBUE	**25.9%**	24.7%	21.8%	23.2%	n/a
End period tangible capital resources - after transfers (A$m)	**830**	715	745	745	16.1
VNB (3% dm) (A$m)	**52**	42	59	101	23.8
EV - after transfers (3% dm) (A$m)	**1,968**	1,883	1,875	1,875	4.5
Return on EV (3% dm)[2]	**7.5%**	9.5%	3.9%	13.6%	n/a
Individual risk API (A$m)	**670**	616	662	662	8.8
Group risk API (A$m)	**148**	145	146	146	2.1
Individual risk lapse rate	**11.4%**	10.4%	12.3%	11.4%	n/a
Profit margins/annual premium[3]	**19.5%**	19.6%	19.2%	19.4%	n/a
Operating earnings/annual premium[3]	**20.7%**	18.9%	16.3%	17.6%	n/a
Controllable costs (A$m)	**49**	46	47	93	6.5
Cost to income ratio	**24.8%**	26.8%	28.6%	27.7%	n/a
Controllable costs/annual premium[3]	**12.0%**	12.0%	11.7%	11.9%	n/a

1 Contemporary wealth protection comprises individual risk and group risk.

2 Return on EV not annualised for half year periods.

3 Based on average annual premium in-force.

Movement in operating earnings 1H 10 to 1H 11



Australian contemporary wealth protection cont'd

Business overview

Contemporary wealth protection (CWP) comprises individual risk and group risk products. Superannuation customers benefit from holding a risk insurance product within a superannuation policy.

In CWP's individual risk business, 52% of in-force and 66% of new business is written within a superannuation contract. Group risk is a key component of the corporate superannuation offer.

CWP's key priorities are to:
– grow market share while only writing profitable business
– increase the proportion of superannuation customers who have adequate risk insurance coverage
– ensure AMP product and service propositions remain competitive
– improve ease and profitability of writing AMP risk business for planners
– grow distribution through independent financial advisers and alliance channels
– improve operational leverage.

Operating earnings

Operating earnings increased 15% from 1H 10 to A$84m in 1H 11. CWP profit margins increased A$3m (4%) to A$79m due to higher individual risk sales offset by the impact of changes to morbidity assumptions. Profit margins as a percentage of average API in 1H 11 increased 0.3 percentage points from 2H 10 to 19.5%.

Experience profits increased A$8m to A$5m in 1H 11. The improvement was driven by higher mortality experience profits on individual risk lump sum and group risk packaged with superannuation. The individual income protection and group risk stand alone products continue to generate claims experience losses. Higher income protection claims is consistent with the current economic environment. During 1H 11 income protection claims assumptions were strengthened.

Annual premium in-force (API)

Individual risk API increased A$54m (9%) on 1H 10 and A$8m (1%) on 2H 10. 2H 10 API included the annual benefit from Consumer Price Index (CPI) and age premium increases on risk policies held within superannuation. API continued to benefit from increased planner activity as uncertain economic conditions and investment markets led to an increase in demand for risk products.

CWP continued to increase sales of risk business through independent financial advisers (IFAs); in 1H 11 IFA sales grew 72% on 1H 10. 13% of individual risk API is now sourced from IFAs and the alliances channel.

1H 11 individual risk API comprised lump sum insurance (78%) and disability, including income protection (22%). The composition of API was largely unchanged over the past year.

Group risk API increased A$3m (2%) on 1H 10 and A$2m (1%) on 2H 10. Competition in this segment, particularly stand alone business, remains high. CWP continues to focus on writing group risk business as part of its broader corporate superannuation offering.

Lapse rates

In 1H 11, lapse rates were 11.4%, 1.0 percentage point higher than 1H 10 due to a higher number of customers transitioning to retirement and higher superannuation outflows resulting in lower risk premiums. 1H 11 lapse rates were 0.9 percentage points lower than 2H 10 with lapse rates in the second half typically higher than in the first half due to annual age and inflation (CPI) premium increases that come into effect from 1 July each year for policies written within superannuation.

Controllable costs

Controllable costs increased A$3m (7%) to A$49m in 1H 11, mainly due to increased spend on distribution growth initiatives.

The cost to income ratio fell 2.0 percentage points to 24.8% in 1H 11 due to higher operating earnings.

Return on capital

1H 11 RoBUE was 25.9% up from 24.7% in 1H 10, reflecting higher operating earnings, partially offset by higher average capital as a result of business growth.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV increased 7.5% in 1H 11 before transfers. The increase was driven by stronger new business and the expected return. Positive impacts of investment and bond yields were offset by changes to income protection claims assumptions.

VNB increased A$10m to A$52m in 1H 11 as a result of higher volumes, partially offset by strengthening income protection claims assumptions.

For further details on EV and VNB, refer to pages 22 to 25.

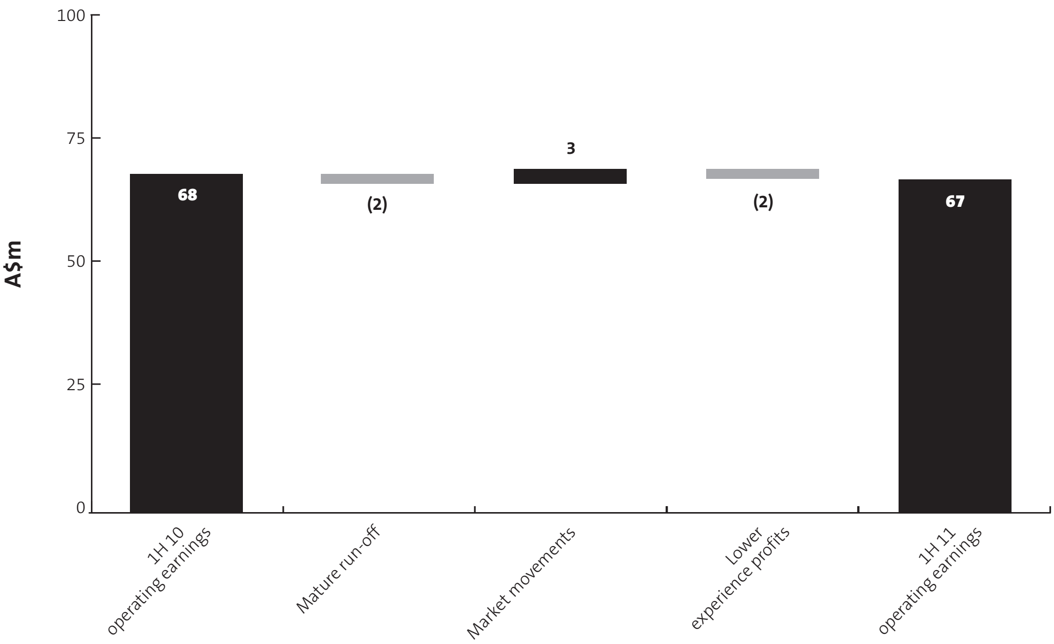
Australian mature

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss					
Profit margins	**68**	67	71	138	1.5
Experience profits/(losses)	**(1)**	1	1	2	n/a
Operating earnings	**67**	68	72	140	(1.5)
Underlying investment income	**10**	10	9	19	-
Underlying operating profit after income tax	**77**	78	81	159	(1.3)
RoBUE	**37.2%**	35.5%	38.2%	36.7%	n/a
End period tangible capital resources - after transfers (A$m)	**385**	399	398	398	(3.5)
VNB (3% dm) (A$m)	**6**	10	4	14	(40.0)
EV - after transfers (3% dm) (A$m)	**1,642**	1,524	1,683	1,683	7.7
Return on EV (3% dm)[1]	**1.7%**	(1.7%)	17.3%	13.6%	n/a
Net cashflows (A$m)	**(617)**	(588)	(677)	(1,265)	(4.9)
AUM (pre-capital) (A$b)	**17.1**	17.6	17.3	17.3	(2.8)
Profit margins to AUM (bps)[2]	**77**	73	78	75	n/a
Persistency	**89.6%**	89.4%	89.0%	89.3%	n/a
Controllable costs (A$m)	**26**	28	30	58	(7.1)
Cost to income ratio	**18.9%**	20.2%	20.4%	20.3%	n/a
Controllable costs to AUM (bps)[2]	**29**	31	33	32	n/a

1 Return on EV not annualised for half year periods.

2 Based on monthly average AUM including capital.

Movement in operating earnings 1H 10 to 1H 11



Australian mature cont'd

Business overview

AMP's mature business remains one of the largest closed life insurance businesses in Australia, with AUM (pre-capital) of A$17.1b at 1H 11. AUM decreased 3% on 1H 10.

Key priorities for management are to:
- maintain capital efficiency
- improve persistency
- achieve greater cost efficiency.

Market volatility continued during 1H 11, resulting in fewer surrenders from capital guaranteed products and customers delaying their retirement, improving persistency by 0.2% to 89.6% in 1H 11.

Operating earnings

Operating earnings decreased A$1m to A$67m in 1H 11, due to:
- higher profit margins (+A$1m) being offset by
- lower experience profits (-A$2m).

1H 11 experience losses were A$1m due to annuity mortality losses.

Controllable costs

Controllable costs decreased A$2m to A$26m in 1H 11 due to the natural run-off of the book and a lower allocation of project costs. Controllable costs to AUM fell 2 bps to 29 bps as costs fell at a greater rate than average AUM.

Return on capital

1H 11 RoBUE was 37.2%, up from 35.5% in 1H 10, driven by lower average capital.

The capital position of this business remains strong. Refer to page 44 for AMP Life Statutory Funds regulatory capital resources above MRR.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV increased 1.7% in 1H 11 (before transfers), driven by the expected return, partially offset by the impact of lower investment markets and bond yields.

VNB decreased A$4m to A$6m due to the closure of RSA to new business from 1 July 2010.

Product characteristics and run-off profile

The RSA/ERF products have approximately 1.5 million customers and AUM of A$4.4b. Other mature products have approximately 500,000 customers and AUM of A$12.7b (mainly participating business).

The mature business remains in slow decline but will remain profitable for many years, running off between 4% and 6% per annum. In volatile investment markets, this rate of run-off can vary substantially.

The run-off of AUM mirrors policy liabilities, although there is potential for profit margins to be impacted differently.

The run-off of mature AUM is anticipated to have an average duration of approximately 15 years, but will be impacted by investment markets.

Managing mature for investment market movements

Mature AUM supports capital guaranteed products (86%) and market linked products (14%). AMP's capital guaranteed products are held within the AMP Life Statutory Fund No. 1 (SF1). Asset allocation for SF1 is struck prudently over the long term and has a bias of income over growth assets. The long term asset mix for the Australian participating business portion of SF1 is set out on page 25.

AMP actively manages its SF1 equity exposure (including relevant parts of CWM and New Zealand), including the use of derivative strategies to provide protection from equity market declines. As at 30 June 2011, AMP had in place the following derivative strategy against its A$4.7b SF1 equity portfolio:
- a long term derivative strategy, using options and futures, that provides a variable level of protection depending on market conditions. This strategy provides market protection assuming a significant fall in markets
- a tactical derivative position, comprising put options, protecting A$0.6b of equities against market falls in excess of 20%
- the purchase of tactical downside bond yield protection providing approximately A$2.9b of nominal protection within AMP Life's mature book.

Typically, the shareholder bears 20% of the cost of tactical derivative protection.

Post 30 June 2011, AMP has taken further action to protect equities in SF1. See page 44 for details.

Within SF1, AMP also employs strategies designed to protect against changes in bond yields, using both interest rates options and futures. At 30 June 2011, the average duration of the SF1 bond portfolios remains around six and a half years.

New Zealand

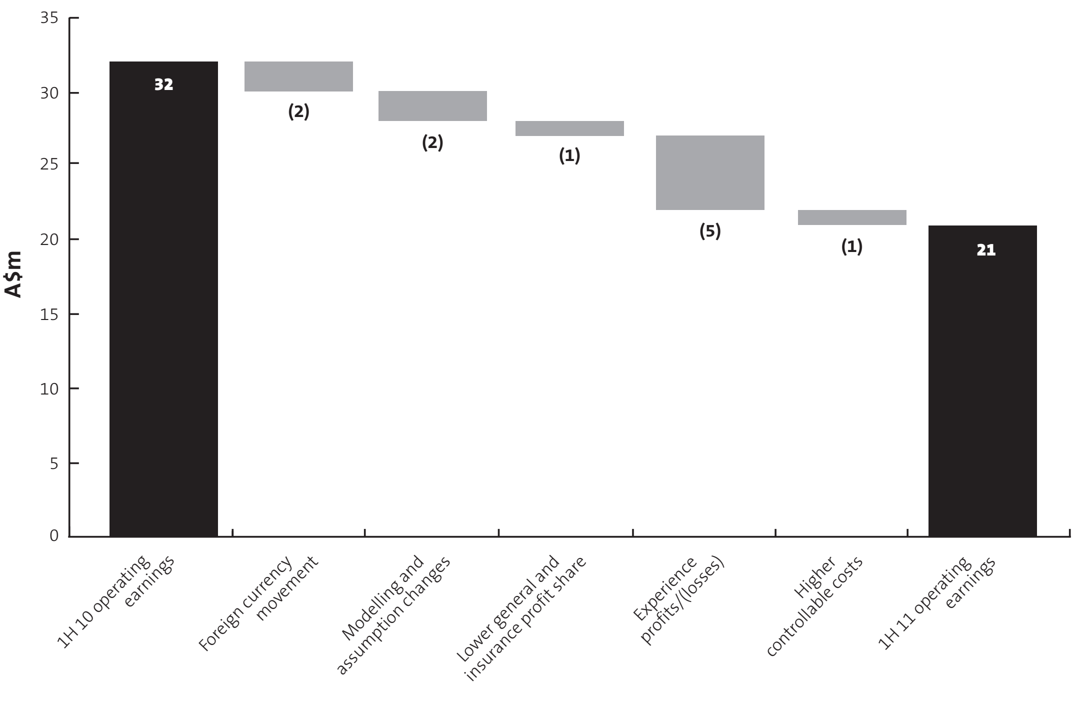
A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss					
Profit margins	**22**	28	30	58	(21.4)
Experience profits/(losses)	**(1)**	4	(4)	-	n/a
Operating earnings	**21**	32	26	58	(34.4)
Underlying investment income	**5**	5	4	9	-
Underlying operating profit after income tax	**26**	37	30	67	(29.7)
RoBUE	**17.3%**	25.1%	18.9%	22.2%	n/a
End period tangible capital resources - after transfers (A$m)	**323**	304	292	292	6.3
VNB (3% dm) (A$m)[1]	**1**	8	-	8	n/a
EV - after transfers (3% dm) (A$m)	**609**	635	609	609	(4.1)
Return on EV (3% dm) (A$m)[2]	**3.2%**	4.8%	(0.5%)	4.3%	n/a
Net cashflows (A$m)	**85**	87	114	201	(2.3)
AUM (pre-capital) (A$b)	**5.0**	4.7	4.7	4.7	6.4
Individual risk API (A$m)	**123**	120	115	115	2.5
Individual risk API (NZ$m)	**160**	148	151	151	8.1
Lapse rates	**9.3%**	10.1%	9.8%	9.9%	n/a
Controllable costs (A$m)	**26**	24	26	50	8.3
Cost to income ratio	**41.9%**	31.8%	36.9%	34.2%	n/a
Controllable costs/annual premium[3]	**45.8%**	42.6%	43.7%	43.3%	n/a

1 In NZ dollar terms, VNB was NZ$1m (1H 10 NZ$10m).

2 In NZ dollar terms, EV has increased by 1.9%.

3 Based on monthly individual risk API.

Movement in operating earnings 1H 10 to 1H 11



New Zealand cont'd

Business overview

AFS NZ is principally focused on selling risk insurance business along with growing its wealth management operations. Its key priority is to increase shareholder value by:
- enhancing products and services to customers
- building strong distribution relationships
- proactively preparing for regulatory change, and
- investing in its people.

Operating earnings

Operating earnings decreased by A$11m (34%) to A$21m in 1H 11. Profit margins fell by A$6m and experience profits fell by A$5m.

Profit margins decreased by A$6m (21%) to A$22m, due to:
- modelling and assumption changes (A$2m), including changes to the recognition of risk new business acquisition costs and strengthening the lapse rate assumption for lump sum business
- foreign currency movement (A$2m)
- lower general insurance profit share (A$1m)
- higher controllable costs (A$1m).

Experience losses were A$1m in 1H 11, down from a profit of A$4m in 1H 10. 1H 10 included a one-off tax benefit (A$6m) as a result of the reduction in the New Zealand corporate tax rate. 1H 11 experience was principally due to income protection morbidity losses and annuity mortality losses.

Controllable costs

Controllable costs increased A$2m (8%) to A$26m in 1H 11. The increase in controllable costs was due to higher marketing, employment and IT costs. Controllable costs were also impacted by additional costs to support advisers in the Christchurch region following the earthquake.

The cost to income ratio increased 10.1 percentage points to 41.9% due to a combination of lower operating earnings and higher controllable costs.

Annual premium in-force (API)

Individual risk API increased by 8% on 1H 10 to NZ$160m, despite a challenging economic environment, the impact of the Christchurch earthquake and a competitive market.

Lapse rates

1H 11 lapse rates improved by 0.8 percentage points to 9.3%. Lapse rates benefited from competitor price increases following the life tax changes. Despite lapse rates falling, the New Zealand economic environment remains challenging.

AFS NZ's lapse rates are approximately 1 percentage point[1] lower than the New Zealand life insurance industry average.

Return on capital

RoBUE decreased to 17.3% in 1H 11, reflecting lower operating earnings and higher average capital.

Embedded value (EV) and value of new business (VNB) - at the 3% discount margin

EV increased 3.2% to A$606m (before transfers). In NZ dollar terms, EV increased 1.9% to NZ$785m (before transfers). The increase in EV reflects the expected return, offset by lower VNB and lower bond yields, which impact capital guaranteed products.

VNB decreased A$7m to A$1m in 1H 11, driven by lower volumes, loss of transitional tax relief on term business and a change in methodology (in 2H 10) to recognise recurring contributions on wealth management products in EV.

Advisers

There has been significant change for New Zealand advisers over the past 12 months, with the introduction of the New Zealand Financial Advisers Act on 1 July 2011 (originally scheduled for 1 December 2010). The Financial Advisers Act is aimed at increasing the professional standards of the industry, which involves undertaking professional education and training. As a result there was a reduction in adviser numbers across the industry in 2010. In 1H 11, total aligned intermediaries in AFS NZ decreased by 14 to 308.

KiwiSaver

The KiwiSaver market in New Zealand continues to grow strongly. The New Zealand Treasury is forecasting KiwiSaver AUM to grow to NZ$60b by 2020, which is underpinned by:
- a move to 3% compulsory contributions from April 2012
- government co-contributions
- investment market growth, and
- maturity of the market.

In 1H 11, AFS NZ increased its KiwiSaver customers by 6% to over 140,000. At 30 June 2011 KiwiSaver AUM was NZ$1.0b.

1 As at 31 March 2011.

Cashflows and assets under management (AUM)

	Cash inflows			Cash outflows			Net cashflows		
Cashflows by product (A$m)	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**
Australian contemporary wealth management									
Retail superannuation[1]	**2,624**	2,041	28.6	**2,330**	1,838	(26.8)	**294**	203	44.8
Allocated pensions/annuities[2]	**1,107**	862	28.4	**919**	724	(26.9)	**188**	138	36.2
Total retail superannuation and pensions/annuities	**3,731**	2,903	28.5	**3,249**	2,562	(26.8)	**482**	341	41.3
Retail investment	**129**	157	(17.8)	**189**	169	(11.8)	**(60)**	(12)	(400.0)
External platforms[3]	**776**	768	1.0	**893**	746	(19.7)	**(117)**	22	n/a
Total retail	**4,636**	3,828	21.1	**4,331**	3,477	(24.6)	**305**	351	(13.1)
Corporate superannuation and pensions/annuities	**1,565**	1,443	8.5	**1,253**	1,036	(20.9)	**312**	407	(23.3)
Corporate superannuation mandate wins[4]	**104**	97	7.2	**-**	-	-	**104**	97	7.2
Total Australian contemporary wealth management	**6,305**	5,368	17.5	**5,584**	4,513	(23.7)	**721**	855	(15.7)
Australian contemporary wealth protection									
Group risk	**78**	72	8.3	**35**	45	22.2	**43**	27	59.3
Individual risk	**331**	306	8.2	**106**	103	(2.9)	**225**	203	10.8
Total Australian contemporary wealth protection	**409**	378	8.2	**141**	148	4.7	**268**	230	16.5
Total Australian contemporary	**6,714**	5,746	16.8	**5,725**	4,661	(22.8)	**989**	1,085	(8.8)
Australian mature	**239**	332	(28.0)	**856**	920	7.0	**(617)**	(588)	(4.9)
Total Australia	**6,953**	6,078	14.4	**6,581**	5,581	(17.9)	**372**	497	(25.2)
New Zealand	**303**	296	2.4	**218**	209	(4.3)	**85**	87	(2.3)
Total AFS cashflows	**7,256**	6,374	13.8	**6,799**	5,790	(17.4)	**457**	584	(21.7)
AMP Bank - mortgages	**-**	-	-	**-**	-	-	**876**	10	large
AMP Bank - deposits	**-**	-	-	**-**	-	-	**761**	354	115.0

Cashflows by distribution channel									
AMP Financial Planning	**4,398**	3,691	19.2	**4,086**	3,413	(19.7)	**312**	278	12.2
Hillross	**882**	804	9.7	**953**	791	(20.5)	**(71)**	13	n/a
Corporate superannuation - direct sales force	**826**	867	(4.7)	**546**	437	(24.9)	**280**	430	(34.9)
Centrally managed clients and other	**406**	366	10.9	**509**	496	(2.6)	**(103)**	(130)	20.8
AXA Australia[5]	**43**	41	4.9	**45**	41	(9.8)	**(2)**	-	n/a
3rd party distributors	**398**	309	28.8	**442**	403	(9.7)	**(44)**	(94)	53.2
Total Australia	**6,953**	6,078	14.4	**6,581**	5,581	(17.9)	**372**	497	(25.2)
New Zealand	**303**	296	2.4	**218**	209	(4.3)	**85**	87	(2.3)
Total AFS cashflows	**7,256**	6,374	13.8	**6,799**	5,790	(17.4)	**457**	584	(21.7)

Australian contemporary wealth management cash inflows (A$m)			
Member contributions	**622**	580	7.2
Employer contributions	**1,626**	1,619	0.4
Total contributions	**2,248**	2,199	2.2
Transfers and roll-overs in[6]	**3,852**	2,908	32.5
Other cash inflows	**205**	261	(21.5)
Total	**6,305**	5,368	17.5

1 Retail superannuation includes the product Flexible Lifetime - Super and AMP Flexible Super, a component of which is small corporate superannuation schemes.

2 Allocated pensions/annuities includes AMP Flexible Super - Retirement.

3 Externally manufactured products that earn platform fees (superannuation, pensions and investments).

4 Cashflows from the transfer of accumulated member benefits as a result of SignatureSuper mandate wins.

5 AXA Australia aligned and owned licensees. Comparatives were previously disclosed in third party distributors.

6 Transfers and roll-overs in include the transfer of accumulated member balances into AMP from both internal (eg retail superannuation to allocated pensions/annuities) and external products.

Cashflows and assets under management (AUM) cont'd

Overview

AFS net cashflows decreased A$127m (22%) in 1H 11 to A$457m. Cash inflows increased 14% or A$882m to A$7,256m, and outflows increased 17% or A$1,009m to A$6,799m.

AMP's reported cash inflow and outflow numbers are significantly impacted by internal movements between products. Most internal flows occur within the contemporary wealth management segment as customers move between wealth management products, including superannuation and pension products. Internal flows across CWM products were A$2.9b (1H 10 A$2.2b), representing approximately 45% (1H 10 41%) of total CWM cash inflows. Higher internal flows are driven by increased transition to retirement activity and planner advised strategies. Excluding the impact of internal flows, CWM cash inflows increased by 10% (A$0.3b) and CWM cash outflows increased by 15% (A$0.3b).

Retail superannuation and allocated pensions/annuities

As retail superannuation and allocated pensions/annuities flows are significantly impacted by internal movements, it is appropriate to consider a combined result for retail superannuation and allocated pensions/annuities. Retail superannuation and allocated pensions/annuities includes AMP Flexible Super, which was launched in May 2010 and AMP's closed Flexible Lifetime - Super product.

Total retail superannuation and allocated pensions/annuities net cashflows increased 41% to A$482m. Net cashflows in AMP Flexible Super were A$1,475m and net cash outflows in Flexible Lifetime - Super and Allocated pensions/annuities were A$993m. Flexible Lifetime - Super net cash outflows reflect the product being closed and customers needing to move to AMP Flexible Super upon retirement.

Retail superannuation and allocated pensions/annuities cash inflows increased A$828m (29%) to A$3.7b. Cash inflows benefited from higher external superannuation roll-overs in, reflecting the growth in AMP Flexible Super customers and customers consolidating their superannuation accounts. Employer contributions increased 8%, reflecting higher employer plans in AMP Flexible Super. Both salary sacrifice and member contributions increased in 1H 11.

Retail superannuation and allocated pensions/annuities cash outflows increased A$687m (27%) to A$3.2b. Cash outflows are impacted by higher investment markets, which lead to higher customer balances when withdrawing or transferring funds between providers. 1H 11 retail superannuation and allocated pensions/annuities AUM was 9% higher than 1H 10. Cash outflows increased due to higher customer balances and higher incremental outflows back into other AMP products as customers increased transition to retirement activities. Retail superannuation and allocated pensions/annuities internal cash outflows increased by A$518m. In 1H 11 58% (1H 10 53%) of retail superannuation and allocated pensions/annuities cash outflows were retained in AMP products.

AMP Flexible Super

AMP Flexible Super, launched in May 2010, is a flexible all-in-one superannuation and retirement product. AMP Flexible Super continues to build momentum and grow customers in new segments. At 30 June 2011 there were approximately 70,000 AMP Flexible Super customers and AUM of A$2.8b, with an average of 235 new customers added each business day in June 2011. 1H 11 AMP Flexible Super net cashflows were A$1,475m.

AMP Flexible Super cash inflows were A$2,349m. 59% of AMP Flexible Super cash inflows were contributions to superannuation accounts with 41% of contributions to retirement accounts. Cash inflows to superannuation accounts are sourced from both internal and external sources. The growth in AMP Flexible Super - Superannuation cash inflows is due to the growth in customer numbers. At 30 June 2011, there were 62,000 AMP Flexible Super - Superannuation customers, up from 17,000 at December 2010. In 1H 11, 27,500 AMP SuperLeader customers (AUM A$15m) transferred into AMP Flexible Super - Superannuation. Approximately half of the AMP Flexible Super - Superannuation customers are under the age of 35, with a large proportion directing SG contributions to AMP Flexible Super.

1H 11 cash inflows includes A$123m of inflows relating to pre-retirement customers moving from AMP's closed retail superannuation product (Flexible Lifetime - Super) to AMP Flexible Super - Superannuation. Only A$9m of the A$123m was invested in the Core option.

AMP Flexible Super - Superannuation is AMP's small to medium sized businesses' superannuation offer. AMP continues to attract employers, with 1,400 employer plans (8,000 customers) and A$64m of AUM.

41% of AMP Flexible Super cash inflows were contributions to Retirement accounts. In June 2010 AMP closed its retail pension product to new business, Flexible Lifetime - allocated pension. Therefore, when customers move from accumulation to pension phase, they are now required to use a AMP Flexible Super - Retirement account. AMP Flexible Super - Retirement account customers doubled in 1H 11 to 8,000, with 81% of pension AUM invested in the Choice option.

Cashflows and assets under management (AUM) cont'd

Retail investment

Retail investment represents AMP's Flexible Lifetime Investments product and AMP Personalised Portfolio Service, a separately managed account platform which was relaunched in 1H 10.

Retail investment net cash outflows were A$60m in 1H 11, due to lower cash inflows and higher cash outflows. Both cash inflows and outflows have been impacted by weak investor sentiment and volatile equity markets.

Corporate superannuation

Corporate superannuation net cashflows (excluding mandate wins) fell A$95m (23%) to A$312m in 1H 11, driven by higher outflows, partially offset by higher inflows.

Cash inflows increased by A$122m (9%) to A$1,565m. The increase in cash inflows reflects higher transfers as customers consolidate their superannuation. Employer contributions (A$892m) were unchanged from 1H 10, reflecting the resilient nature of Superannuation Guarantee Contributions (SGCs). Salary sacrifice contributions were similar to 1H 10.

Cash outflows increased by A$217m (21%) to A$1,253m. The increase in cash outflows was due to higher customer balances from higher investment markets. 1H 11 corporate superannuation AUM was 9% higher than 1H 10. 60% of corporate super outflows flowed back into AMP products, up from 59% in 1H 10. Corporate superannuation mandate wins in 1H 11 were A$104m.

External platforms

External platforms represent superannuation, pension and investment products on the Asgard, Macquarie and BT Wrap platforms. The BT Wrap platform was closed to new business in July 2010. External platform flows are largely driven by Hillross, which primarily targets the higher net worth market.

External platform net cashflows decreased by A$139m in 1H 11. 1H 11 includes A$104m of Asgard cash outflows relating to a practice which left Hillross in 2H 10. 1H 11 Hillross AUM includes A$350m relating to this practice, which may transition over time.

Mature

Mature net cash outflows increased by A$29m (5%) to -A$617m in 1H 11. Cash inflows fell 28% (A$93m) due to lower inflows into the RSA/ERF products as a result of closing the RSA product to new business from 1 July 2010. Cash outflows fell 7% (A$64m) due to a lower run-off of the term annuities book, which was closed to new business in FY 09.

New Zealand

AFS New Zealand net cashflows decreased by A$2m to A$85m in 1H 11. The reduction in net cashflows is due to the appreciation of the Australian dollar. In NZ dollar terms, net cashflows increased by NZ$5m or 5%.

Net cashflows in NZ wealth management products were strong, particularly in corporate superannuation. KiwiSaver net cashflows increased 3% to NZ$110m. KiwiSaver now has over 140,000 customers and over NZ$1b in AUM. Offsetting the higher wealth management net cashflows were higher Mature net cash outflows.

AMP Bank

AMP Bank deposits increased by A$761m in 1H 11, up from an increase of A$354m in 1H 10. The deposit book at the end of 1H 11 was A$5.6b, an increase of 17% during 1H 11. The growth in deposits was due to improved distribution capability and improved product features. 60% of deposits are sourced from retail and 40% sourced from AMP superannuation cash and term deposits.

AMP Bank mortgage book increased by A$876m in 1H 11. The mortgage book at the end of 1H 11 was A$11.0b, an increase of 9% during 1H 11. Mortgage demand in 1H 11 was strong across all distribution channels, especially from mortgage brokers and IFAs. In 1H 11, AMP Bank completed a A$940m residential mortgage backed securities (RMBS) securitisation, which was increased from A$500m due to strong investor demand.

Channel flows

AMP Financial Planning recorded a 19% increase in cash inflows in 1H 11 and a 12% increase in net cashflows. Hillross cash inflows increased by 10%, but net cashflows fell as a result of AUM transferring out following the loss of a Hillross practice in 2H 10.

Corporate superannuation - direct sales force net cashflows decreased 34% as a result of higher cash outflows. The increase in outflows reflects higher roll-overs to external superannuation providers. Cash inflows were stable at A$0.8b.

AXA Australia licensees net cash outflows were A$2m. AXA Financial Planning, Charter Financial Planning, Genesys and ipac had a combined A$0.5b in AFS product AUM at 30 June 2011. This AUM is not reported in AXA AUM numbers.

Persistency

Excluding major internal product flows from the persistency calculations, total AFS persistency fell marginally to 90.2% in 1H 11 from 90.7% in 1H 10. The reduction in persistency is a result of higher member withdrawals and higher external cash outflows to other superannuation providers.

Cashflows and assets under management (AUM) cont'd

AUM by product (A$b)	FY 10 AUM	FY 10 share cap[5]	FY 10 total	Net cashflows	Other[6]	1H 11 AUM	1H 11 share cap[7]	1H 11 total	1H 11 % change
Australian contemporary wealth management									
Retail superannuation[1]	20.2	0.2	20.4	0.3	(0.2)	20.3	0.2	**20.5**	0.5
Allocated pensions/annuities	7.9	-	7.9	0.2	-	8.1	-	**8.1**	2.5
Retail investment	2.2	-	2.2	(0.1)	-	2.1	-	**2.1**	(4.5)
External platforms[2]	7.0	0.1	7.1	(0.1)	-	6.9	0.1	**7.0**	(1.4)
Total retail	37.3	0.3	37.6	0.3	(0.2)	37.4	0.3	**37.7**	0.3
Corporate superannuation	16.4	0.2	16.6	0.4	(0.1)	16.6	0.3	**16.9**	1.8
Total Australian contemporary wealth management	53.7	0.5	54.2	0.7	(0.3)	54.0	0.6	**54.6**	0.7
Australian contemporary wealth protection									
Group risk[3]	-	0.1	0.1	-	-	-	0.1	**0.1**	-
Individual risk[3]	-	0.7	0.7	0.2	(0.2)	-	0.7	**0.7**	-
Total Australian contemporary wealth protection	-	0.8	0.8	0.2	(0.2)	-	0.8	**0.8**	-
Total Australian contemporary	53.7	1.3	55.0	0.9	(0.5)	54.0	1.4	**55.4**	0.7
Australian mature	17.3	0.5	17.8	(0.6)	0.4	17.1	0.5	**17.6**	(1.1)
Total Australia	71.0	1.8	72.8	0.3	(0.1)	71.1	1.9	**73.0**	0.3
New Zealand	4.7	0.3	5.0	0.1	0.2	5.0	0.3	**5.3**	6.0
Total AFS	75.7	2.1	77.8	0.4	0.1	76.1	2.2	**78.3**	0.6
AMP Bank - mortgages	10.1	-	10.1	0.9	-	11.0	-	**11.0**	8.9
AMP Bank - deposits[4]	4.8	-	4.8	0.8	-	5.6	-	**5.6**	16.7
AUM by asset class	**FY 10**					**1H 11**			
Australian contemporary wealth management									
Cash and fixed interest	26.2%					**27.2%**			
Australian equities	37.9%					**36.8%**			
International equities	22.6%					**22.5%**			
Property[8]	6.7%					**6.7%**			
Other	6.6%					**6.8%**			
Total	100.0%					**100.0%**			

1 Retail superannuation includes the product Flexible Lifetime - Super and AMP Flexible Super, a component of which is small corporate superannuation schemes.

2 Externally manufactured products that earn platform fees.

3 Individual and group risk are included in inflows and outflows but not in the AUM balances.

4 AMP Bank deposits include retail deposits and AMP Super Cash.

5 Share capital at 1 January 2011 contains A$200m of capital transfers declared at 31 December 2010.

6 Other includes product transfers, fees, investment returns, taxes, share capital movements and foreign currency movements on New Zealand AUM.

7 Share capital at 30 June 2011 includes A$180m of capital transfers declared at 30 June 2011 and excludes AMP Bank.

8 Includes both listed and unlisted property securities.

Embedded value (EV) and value of new business (VNB)

AFS embedded value (A$m)[1]	3% dm	4% dm	5% dm
Embedded value as at FY 10	7,757	7,290	6,880
Restatement[2]	52	49	46
Expected return	316	332	346
Investment returns, bond yields and other	(54)	(63)	(70)
VNB	133	117	103
Net transfers out	(330)	(330)	(330)
Embedded value as at 1H 11	7,874	7,395	6,975
Return on embedded value as at 1H 11[3]	5.1%	5.3%	5.5%
Embedded value comprises			
Adjusted net assets[4]	669	669	669
Value of in-force business[5]	7,205	6,726	6,306

AFS embedded value (A$m) at the 3% dm	Wealth management	Wealth protection	Mature	New Zealand	Total
Embedded value as at FY 10	3,590	1,875	1,683	609	7,757
Restatement[2]	28	3	43	(22)	52
Expected return	147	77	69	23	316
Investment returns, bond yields and other	(14)	11	(46)	(5)	(54)
VNB	74	52	6	1	133
Net transfers out	(170)	(50)	(113)	3	(330)
Embedded value as at 1H 11	3,655	1,968	1,642	609	7,874
Return on embedded value as at 1H 11[3]	5.7%	7.5%	1.7%	3.2%	5.1%
AFS embedded value (A$m) at the 4% dm					
Embedded value as at FY 10	3,369	1,749	1,599	573	7,290
Restatement[2]	25	3	40	(19)	49
Expected return	155	80	73	24	332
Investment returns, bond yields and other	(16)	8	(47)	(8)	(63)
VNB	67	45	5	-	117
Net transfers out	(170)	(50)	(113)	3	(330)
Net transfers out	3,430	1,835	1,557	573	7,395
Return on embedded value as at 1H 11[3]	6.1%	7.6%	1.9%	2.9%	5.3%
AFS embedded value (A$m) at the 5% dm					
Embedded value as at FY 10	3,175	1,639	1,525	541	6,880
Restatement[2]	24	2	38	(18)	46
Expected return	161	83	77	25	346
Investment returns, bond yields and other	(18)	6	(48)	(10)	(70)
VNB	60	39	5	(1)	103
Net transfers out	(170)	(50)	(113)	3	(330)
Embedded value as at 1H 11	3,232	1,719	1,484	540	6,975
Return on embedded value as at 1H 11[3]	6.3%	7.8%	2.2%	2.7%	5.5%

	3% dm		4% dm		5% dm	
AFS value of new business (A$m)[1]	**1H 11**	**1H 10**	**1H 11**	**1H 10**	**1H 11**	**1H 10**
Value of new business by business line						
Wealth management	74	80	67	70	60	63
Wealth protection	52	42	45	37	39	31
Mature	6	10	5	9	5	8
New Zealand	1	8	0	7	(1)	6
Total	133	140	117	123	103	108
% change	(5.0%)		(4.9%)		(4.6%)	

1 AMP Bank is excluded.

2 Restatements reflect the impact of harmonising AMP and AXA assumptions and methodologies.

3 Return on EV not annualised for half year periods.

4 Adjusted net assets are shareholder assets in excess of regulatory capital requirements (allocated at product level), at face value.

5 Value of in-force business discounts the value of shareholder net assets (A$1,361m at face value) to reflect expected time of release.

Embedded value (EV) and value of new business (VNB) cont'd

Embedded value for the six months to 30 June 2011 increased 5.1% (not annualised) at the 3% discount margin to A$8,204m before transfers.

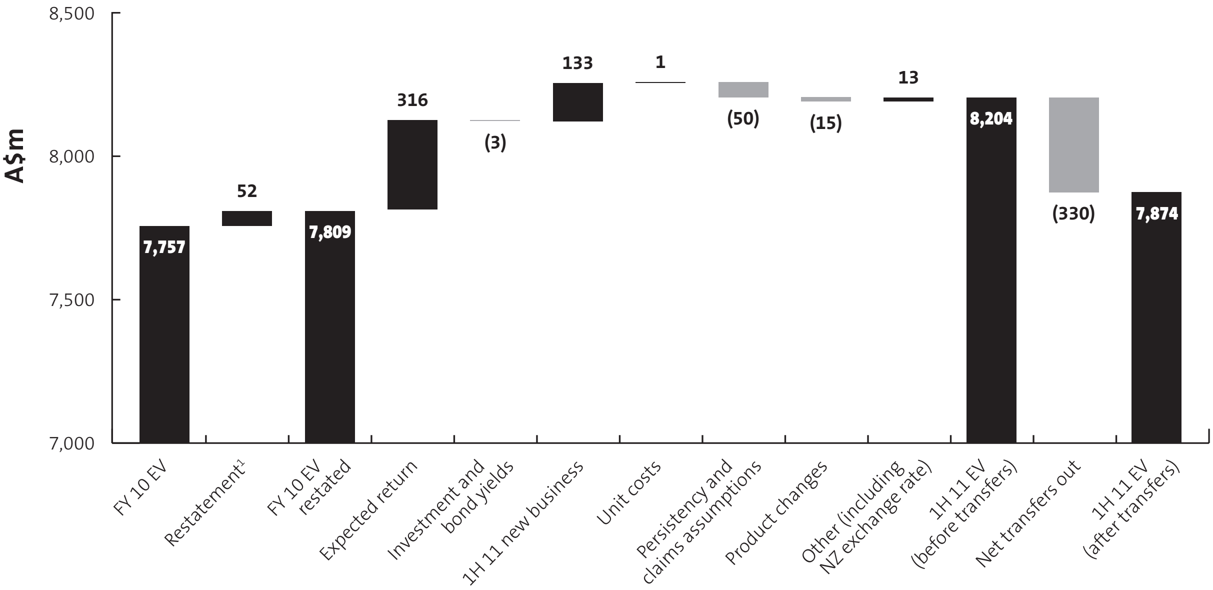
Net transfers of A$330m include capital and AFS profits, franking credits (at 70% of face value) and other value changes transferred to Group.

Persistency and claims assumptions reduced EV by A$50m, reflecting strengthening income protection claims assumptions and lower internal retention of Custom Super roll-overs into other AMP products.

AFS embedded value measures do not include the benefit of AXA synergies yet to be realised.

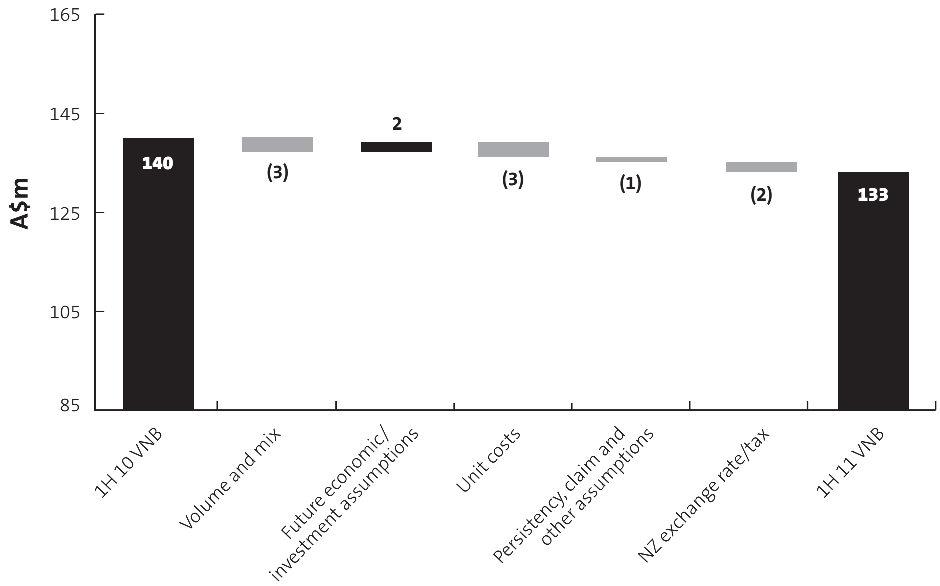
VNB fell A$7m to A$133m in 1H 11, largely as a result of lower new business volumes and higher expenses.

Change in AFS embedded value FY 10 to 1H 11 (A$m)
(at a discount rate of 3% above the bond yield)



1 Restatement reflects the impact of harmonising AMP and AXA assumptions and methodologies.

Change in AFS value of new business 1H 10 to 1H 11
(at a discount rate of 3% above the bond yield)



EV and VNB sensitivities

1H 11 change in embedded value (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	63	16	17	6	102
10% reduction in discontinuance rates	181	169	44	36	430
1% (100 bps) decrease in long term bond yields	82	104	(50)	10	146
1% (100 bps) increase in long term bond yields	(77)	(91)	40	(10)	(138)
10% increase in Australian equities	55	-	49	-	104
10% increase in international equities	28	-	14	9	51
1% reduction in investment fees	(58)	-	(2)	(2)	(62)

1H 11 change in value of new business (A$m)	Wealth management	Wealth protection	Mature	New Zealand	Total
5% reduction in controllable costs	4	2	-	1	7
10% reduction in discontinuance rates	8	9	1	1	19
1% (100 bps) decrease in long term bond yields	2	5	-	1	8
1% (100 bps) increase in long term bond yields	(2)	(4)	-	(1)	(7)
5% increase in sales (all costs variable)	3	2	-	-	5
5% increase in sales (acquisition controllable costs fixed)	5	3	-	-	8
1% reduction in investment fees	(2)	-	-	-	(2)

Key assumptions

The tables illustrate the sensitivity of the embedded and new business values to various economic and business variables. The sensitivities can at best be only indicative because:

- they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (acquisition controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
- they show the average movement for the risk discount margin range, ie 4%
- they are based on the 1H 11 position, ie not “forward looking”, and make no allowance for events subsequent to 30 June 2011
- they are based on the 1H 11 sales product mix.

The 1% increase in long term government bond yields is assumed to be accompanied by a 0.5% increase in Consumer Price Index (CPI) and other associated changes in economic assumptions, bonus rates, risk discount rates and bond values. For equities, the assumed future earning rate is assumed to increase by 1% (ie the equity risk premium is unchanged).

The 5% reduction in costs is based on AFS controllable costs only, ie, it excludes planner payments and investment management expenses.

The benefit of future synergies following the merger with AXA of A$140m have not been reflected in either AFS or AXA EV or VNB. Synergies are expected to predominantly emerge in AFS/AXA controllable costs. To determine the impact of synergies on EV and VNB, the most appropriate sensitivity to use is the reduction in controllable costs.

The 10% reduction in discontinuance rates is based on a uniform reduction in lapses in all future years (eg a 15% lapse rate changes to 13.5%).

The 10% increase in Australian equities assumes all Australian shares increase in value by 10%.

Investment fees are defined as all ongoing fees (including member fees and rebates) on investment products with explicit fees. The investment fee sensitivity assumes no corresponding reduction in investment management expense or planner payments.

EV assumptions

Economic assumptions

Risk discount rates are based on the yield on long term government bonds plus a discount margin.

Annualised 10 year Government bond yields	1H 11	FY 10
Australia	**5.3%**	5.6%
New Zealand	**5.1%**	6.0%

Assumed investment returns gross of income tax (% pa) are set at risk premiums over long term government bond rates:

Risk premiums	1H 11	FY 10
Local equities[1]	**4.5%**	4.1%
International equities	**3.5%**	2.5%
Property	**2.5%**	2.0%
Fixed interest[2]	**0.5%**	0.5%
Cash (where significant)	**(0.5%)**	(0.5%)

1 Includes allowance for franking credits on equity income.

2 Over either the ten or five year government bond yield consistent with the duration of the backing benchmark portfolio.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating business (A$14b) in Australia are:

AMP Life (Australia)	1H 11	FY 10
Equities	**30%**	30%
Property	**11%**	11%
Fixed interest	**39%**	39%
Cash	**20%**	20%

These asset mixes are not necessarily the same as the actual asset mix at the valuation date, as they reflect long term future assumptions. The mixes shown are the weighted average across all Australian participating business, which is mostly in the mature business.

Annual inflation rates assumed are:

Inflation rate		1H 11	FY 10
Australia	- CPI	**2.9%**	2.9%
Australia	- Expenses	**3.0%**	3.0%
New Zealand	- CPI	**2.5%**	3.3%
New Zealand	- Expenses	**3.0%**	3.0%

These inflation rates are used for indexation of premiums and benefits, where appropriate, and for expense inflation.

Operating assumptions

Future mortality and morbidity rates are based on an analysis of recent AFS experience, general industry experience and, in some cases, population experience. There have been no changes to mortality assumptions since 31 December 2010. Assumptions for the cost of income protection claims were increased by 15%.

Future discontinuance rates are largely based on an analysis of recent AFS experience. There have been no changes to discontinuance assumptions since 31 December 2010 except for a reduction in the assumed rate of roll-over of funds from Custom Super to Flexible Lifetime Superannuation and AMP Flexible Super.

Maintenance unit costs are derived from 2011 budgets. Allowance is made for future inflation but potential cost improvements arising in and after 2011 are ignored, including future synergies arising from the merger with AXA.

Future rates of bonus for participating business were set at levels that were supportable by the assets backing the respective product sub-funds as at 30 June 2011.

Acquisition costs for VNB are the actual costs incurred in HY 11.

Australian franking credits are valued at 70% of face value.

Assumptions make no allowance for changes to the existing tax and regulatory framework:
– Australian tax and superannuation reviews/inquiries, or
– any other regulatory changes.

Both the New Zealand life risk tax changes effective 1 July 2010 and New Zealand reduction in corporate tax rate effective 1 January 2011, were reflected in FY 10 EV and VNB, 1H 10 VNB includes the effect of the transition relief available to life risk business written prior to 1 July 2010.

AFS EV methodology includes an allowance for expected recurring contributions on all corporate superannuation, Flexible Lifetime - Superannuation (FLS), AMP Flexible Super, retirement savings account, KiwiSaver and New Zealand retirement trust contracts where future contributions can be reasonably anticipated.

Further details

Assumptions are consistent with the best estimate assumptions used in calculating policy liabilities for AMP Life. A more detailed description of these assumptions and their 31 December 2010 values can be found in the notes to the 2010 AMP Limited Financial Report. As all relevant business is projected for the embedded value, the description of the assumptions in the notes applies even where that business is not valued by projection methods for profit reporting.

AXA financial summary

A$m	31 March to 30 June 2011	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss						
Profit margins						
Australian wealth management						
Platform[1]	**7**		6	6	12	n/a
Advice[2,3]	**2**		4	5	9	n/a
Investment[4]	**5**		14	15	29	n/a
Australian financial protection	**17**		35	35	70	n/a
Australian mature	**12**		23	25	48	n/a
New Zealand	**7**		13	13	26	n/a
Total	**50**		95	99	194	n/a
Experience profits						
Australian financial protection	**3**		6	-	6	n/a
Australian mature	**1**		-	3	3	n/a
New Zealand	**5**		3	5	8	n/a
Total	**9**		9	8	17	n/a
Operating earnings						
Australian wealth management	**14**		24	26	50	n/a
Australian financial protection	**20**		41	35	76	n/a
Australian mature	**13**		23	28	51	n/a
New Zealand	**12**		16	18	34	n/a
Total operating earnings	**59**		104	107	211	n/a
Underlying investment income	**15**		26	26	52	n/a
Underlying operating profit after income tax[5]	**74**		130	133	263	n/a
Controllable costs and cost ratios						
Operating costs	**97**		193	195	388	n/a
Project costs	**6**		22	23	45	n/a
Total controllable costs	**103**		215	218	433	n/a
Cost to income ratio	**49.3%**		53.7%	53.4%	53.5%	n/a
Controllable costs to AUM (bps)	**91**		92	94	93	n/a
Return on capital						
RoBUE	**23.0%**					n/a
End period tangible capital resources - after transfers (A$m)	**1,325**					n/a
Cashflows, AUM and persistency[6]						
AXA cash inflows (A$m)		2,769	3,332	2,787	6,119	(16.9)
AXA cash outflows (A$m)		(3,733)	(3,830)	(4,581)	(8,411)	2.5
AXA net cashflows (A$m)		(964)	(498)	(1,794)	(2,292)	(93.6)
AUM (pre-capital) (A$b)		44.4	46.0	46.1	46.1	(3.5)
Persistency		84.1%	84.4%	81.1%	83.1%	n/a
VNB - risk insurance and risk annual premium in-force (API)						
Value of risk new business (3% dm) (A$m)		37				n/a
Australian individual risk API (A$m)		556	518	540	540	7.3
Australian group risk API (A$m)		184	175	174	174	5.1
New Zealand risk API (NZ$m)		191	184	187	187	3.8

1 Platform - Represents AXA platforms, including Summit, Generations, North and Multiport.

2 Advice - Represents the business generated from AXA owned advice businesses. This includes Genesys, ipac and Tynan Mackenzie licensees. Advice operating earnings includes any margin earned by platforms operated by these advice businesses (eg iAccess by ipac, Solar by Genesys).

3 Australian Wealth Management advice profit margins have been restated to include the reallocation of AXA FP and Charter operating earnings from investment experience.

4 Investment - Represents retail and wholesale unit trust business. Investment also includes the ipac multi-manager business.

5 Excludes AXA share of Group Office costs and interest expense on AXA subordinated notes.

6 AXA cashflows, persistency and AUM exclude AllianceBernstein and ipac Wholesale (International) and financial protection businesses in Australia and New Zealand. Comparatives for ipac Wholesale (International) have not been restated.

AXA financial summary cont'd

Business overview

In March 2011, AMP merged with AXA Asia Pacific Holdings Limited's Australian and New Zealand businesses (AXA). AXA operating earnings have been reported as Australian wealth management, Australian financial protection, mature and New Zealand. The AXA segments are defined on page 54 and do not align to the AFS divisions.

Total operating earnings

AXA operating earnings for the period 31 March to 30 June 2011 were A$59m, comprising profit margins of A$50m and experience profits of A$9m.

Following the merger with AMP, a number of assumptions and accounting policies have been aligned, which impact operating earnings. Prior period comparatives, as reported in AXA APH's FY 10 Investor Compendium, have not been restated to reflect these changes, with the exception of the inclusion of the operating earnings of AXA Financial Planning and Charter Financial Planning.

Australian wealth management

Operating earnings

Australian wealth management operating earnings for the three months were A$14m. Operating earnings are reported as Platform, Advice and Investment, which is consistent with AXA's cashflow and AUM reporting.

Australian wealth management products are principally savings and investment unit linked products. As a result, Australian wealth management operating earnings are largely driven by average assets under management.

Operating earnings for the three months benefited from a one-off tax benefit (A$3m) and lower amortisation costs (A$2m). Amortisation costs are expected to be lower in the future, as the amortisation of the intangibles acquired by AMP is reported as a component of Group Office amortisation of AXA acquired intangible assets.

Australian wealth management advice profit margins includes -A$3m of operating earnings for AXA Financial Planning and Charter Financial Planning which were previously reported by AXA as part of investment experience. Comparative data has been restated for this change in disclosure.

Australian wealth management operating earnings were impacted by lower AUM. 1H 11 closing AUM was A$28.9b, down 6% on FY 10 and down 5% on 1H 10.

North

Australian wealth management operating earnings includes the North platform, which continues to make a growing contribution to revenues. North platform net cashflows in 1H 11 were A$210m, compared to A$215m in 1H 10. 1H 11 North AUM was A$1.8b, up from A$1.4b in 1H 10.

North platform net cashflows in June 2011 were split between guaranteed (45%) and non-guaranteed (55%) products. As at 30 June 2011, 69% of total North platform AUM was supported by a guarantee. This compared with 75% as at 31 December 2010.

Australian financial protection

Operating earnings

Australian financial protection operating earnings for the three months were A$20m. Operating earnings comprise profit margins of A$17m and experience profits of A$3m.

Following the merger with AMP, the asset allocation backing the AXA financial protection business has been changed, reducing the risk exposure of assets backing policyholder liabilities, predominantly from equities to cash/fixed interest. It is expected to reduce annual Australian financial protection profit margins by A$8m (post tax), but also reduces the amount of capital required to support the business. This change is consistent with AMP's broader risk management strategy. This change was made at the end of May and has a small impact to profit margins for the three months.

Profit margins as a percentage of average API for the three months were 9.4%, which is lower than FY 10 (10%). The reduction in profit margins as a percentage of average API reflects the change in asset allocation supporting the financial protection business.

Experience profits for the three months were A$3m driven primarily by higher mortality experience profits on individual lump sum business (A$4m), partly offset by group risk losses.

Annual premium in-force (API)

Individual risk API increased A$38m (7%) on 1H 10 to A$556m. The increase in API was driven by higher new business, principally individual life. API has increased as a result of a positive response to AXA Elevate, which was launched through AXA platforms in May 2010.

1H 11 individual risk API comprises lump sum (62%) and disability including income protection (38%). Individual risk business is distributed through AXA financial planners (44% of API) and IFAs (56% of API).

Group risk API increased A$9m (5%) to A$184m. The increase on 1H 10 group risk API was due to the successful re-tender of a large group life plan. Group risk insurance is directly distributed by AXA Australia employees.

Mature

Operating earnings

Mature operating earnings for the three months were A$13m. Operating earnings comprise profit margins of A$12m and experience profits of A$1m.

Mature comprises personal and employer superannuation, insurance bonds, guaranteed savings account and traditional participating products sold by the life company. Superannuation business accounts for over 70% of Mature AUM and 1H 11 operating earnings.

Mature profit margins for the three months were A$12m in line with FY 10 on an annualised basis.

AXA financial summary cont'd

Managing mature for investment market movements

Mature AUM supports capital guaranteed products (48%) and market linked products (52%). Asset allocation for guaranteed products are struck prudently over the long term.

As at 30 June 2011, the following derivative strategy was in place against the A$0.7b equity portfolio supporting the long term risk business:

– a long term derivative strategy, using options, that provides a variable level of protection depending on market conditions. This strategy provides greatest market protection after a significant fall in markets.

Within the statutory funds, strategies are also employed to protect against changes in bond yields, using interest rate swaps.

These strategies include:

– a long term derivative strategy, using swaps, to lengthen the duration of the defensive assets supporting the long term risk business to more closely correspond to the long term liabilities
– a long term derivative strategy, using swaps, to modify the duration of shareholders' defensive assets to minimise profit volatility.

New Zealand

Operating earnings

Total operating earnings for the three months were A$12m, comprising profit margins of A$7m and experience profits of A$5m.

AXA New Zealand has previously been reported as two segments, financial protection and wealth management. Financial protection products include conventional, individual life, group risk and individual income protection. Operating earnings for NZ financial protection products for the three months were A$7m. Operating earnings comprise profit margins (A$4m) and experience profits (A$3m).

NZ financial protection profit margins as a percentage of average API was 13.4%, up from 12.7% in 2010, driven by higher margins on conventional and individual life products.

NZ financial protection experience profits for the three months were A$3m. Experience profits for the three months were due to:

– positive claims experience on individual life (A$1m). The impact on claims experience from the Christchurch earthquake was fully provided for in February 2011, as such there was little impact on claims experience for the three months
– positive group life, which was partially offset by lower group income protection claims (A$1m)
– release of a staff defined benefit scheme provision (A$1m).

Wealth management operating earnings are principally derived from administration and investment management, retirement income (including superannuation) and platform business. NZ wealth management operating earnings for the three months were A$5m. Operating earnings comprise profit margins (A$3m) and experience (A$2m).

NZ wealth management revenues are impacted by AUM, with 1H 11 AUM 2% higher than 1H 10. Wealth management operating earnings benefited from lower amortisation charges and lower project costs.

NZ wealth management experience in 1H 11 was A$2m and represents capital loss reversals on annuities as a result of standardising discount rate assumptions with AMP.

Annual premium in-force (API) New Zealand

In 1H 11, NZ risk API increased by NZ$4m to NZ$191m. Risk API comprises individual business (NZ$153m) and group business (NZ$38m).

1H 11 risk new business was impacted by the Christchurch earthquake, with approximately 15% of API generated from the Christchurch region. Individual risk business is principally distributed by AXA's aligned adviser network. 24% of 1H 11 individual risk new business was sourced from IFAs.

KiwiSaver

The KiwiSaver market in New Zealand continues to grow strongly. AXA NZ has 97,000 KiwiSaver members, up from 86,000 in 1H 10. 1H 11 KiwiSaver AUM was NZ$631m, up 47% on 1H 10.

Advisers

Australia

AXA Australia advisers comprise aligned advisers (Charter Financial Planning, AXA Financial Planning, Genesys Wealth Advisers and Jigsaw Support Services) of 1,335, down 61 in 1H 11 and owned advice businesses (ipac and Tynan Mackenzie) of 169, unchanged in 1H 11.

Nearly all of the decline in aligned adviser numbers in 1H 11 occurred in the first quarter of 2011, reflecting lower recruitment activity, against a background of economic, regulatory and merger uncertainty and increased competitor activity. In the first quarter of 2011, 35 planners were recruited, compared to 52 planners in the first quarter of 2010. During the second quarter of 2011 the number of aligned advisers (Charter Financial Planning, AXA Financial Planning, Genesys Wealth Advisers and Jigsaw Support Services) remained unchanged.

New Zealand

1H 11 total advisers increased 1 to 360. 1H 11 New Zealand advisers comprise 317 (including QAN network members and aligned advisers), up 4 in 1H 11 and Spicers advisers 43, down three in 1H 11.

Cashflows and assets under management (AUM)

Australia

AXA Australia net cash outflows were A$994m in 1H 11, increasing from A$675m in 1H 10. The increase in net cash outflows was in both the wealth management and mature businesses.

Australian wealth management net cash outflows were A$690m up from A$487m in 1H 10. Higher net cashflows in Investment were offset by lower net cashflows in Platform and Advice.

Platform net cashflows decreased by 23% to A$212m. Cash inflows increased 4% to A$1.1b reflecting higher cash inflows into North and Multiport. Cash outflows increased 13% due to higher AUM on the growing North platform and higher outflows on discretionary investment products as a result of weak investor sentiment.

1H 11 North net cashflows were A$210m, down 2% on 1H 10.

Advice net cash outflows increased by A$400m to A$454m in 1H 11. Cash inflows decreased 13% due to lower sales of discretionary investment products as a result of weak investor sentiment. Cash inflows were also impacted by lower Genesys adviser numbers leading to lower inflows to the Solar platform, a badged platform used by Genesys advisers. Cash outflows increased 23% due to AUM being transferred off the Solar platform when a Genesys adviser leaves the licensee. Tynan Mackenzie cash outflows increased A$143m due to a number of advisers leaving the licensee.

Investment net cash outflows improved by A$260m to an outflow of A$448m in 1H 11. Cash inflows decreased A$185m due to lower retail and wholesale unit trust cash inflows. 1H 11 cash outflows decreased by A$445m to A$567m due to fewer wholesale redemptions than in 1H 10. 1H 11 cash outflows include withdrawals on the AXA Property Fund and AXA Monthly Income Fund, with withdrawals on these funds frozen in 2008.

Mature net cash outflows were A$304m in 1H 11, up from A$188m in 1H 10. Net cashflows were impacted by lower cash inflows in the guaranteed savings account (GSA) product (down A$151m), a product targeted at wholesale investors. Excluding GSA, net cashflows fell, reflecting the run off of the book, with many products closed to new business.

Total Australian assets under management were A$39.9b, down 4% on 1H 10.

New Zealand

AXA New Zealand net cashflows in 1H 11 were A$30m, down from A$177m in 1H 10. In NZ dollar terms, 1H 11 net cashflows were NZ$40m, down from NZ$223m in 1H 10. The reduction in net cashflows is due to lower wholesale wealth management net cashflows (down NZ$175m).

New Zealand retail wealth management net cashflows represent AXA NZ's retail business and includes KiwiSaver. Retail wealth management net cashflows decreased by NZ$8m to NZ$15m in 1H 11. Higher retail wealth management cash inflows (up 7%) were offset by higher cash outflows (up 11%). Cash inflows increased due to higher inflows in the advice channel and continued growth in KiwiSaver. KiwiSaver cash inflows in 1H 11 were NZ$90m, up from NZ$84m in 1H 10. Cash outflows increased 11% due to the continued wind down of mortgage funds. 1H 11 cash outflows includes NZ$66m (1H 10 NZ$20m) of mortgage fund withdrawals.

New Zealand wholesale wealth management operations comprise the AXA Global Investors business. Wholesale wealth management net cashflows decreased by NZ$175m to NZ$25m in 1H 11 due to lower cash inflows (down NZ$132m). Wholesale wealth management cash inflows in 2010 benefited from AllianceBernstein relocating to Australia, leading to some New Zealand customers reallocating portfolios from AllianceBernstein to AXA Global Investors.

Total AXA NZ assets under management were NZ$5.8b, up 7% on 1H 10.

	Cash inflows			Cash outflows			Net cashflows		
Cashflows (A$m)[1]	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**
Australian wealth management									
Platform	**1,100**	1,060	3.8	**888**	785	(13.1)	**212**	275	(22.9)
Advice	**919**	1,059	(13.2)	**1,373**	1,113	(23.4)	**(454)**	(54)	(740.7)
Investment	**119**	304	(60.9)	**567**	1,012	44.0	**(448)**	(708)	36.7
Total Australian wealth management	**2,138**	2,423	(11.8)	**2,828**	2,910	2.8	**(690)**	(487)	(41.7)
Mature									
Long term savings	**328**	500	(34.4)	**573**	633	9.5	**(245)**	(133)	(84.2)
Long term risk	**18**	19	(5.3)	**77**	74	(4.1)	**(59)**	(55)	(7.3)
Total Mature	**346**	519	(33.3)	**650**	707	8.1	**(304)**	(188)	(61.7)
Total Australia	**2,484**	2,942	(15.6)	**3,478**	3,617	3.8	**(994)**	(675)	(47.3)

	Cash inflows			Cash outflows			Net cashflows		
Cashflows (NZ$m)	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**	**1H 11**	**1H 10**	**% 1H/1H**
New Zealand									
Retail wealth management	**285**	267	6.7	**270**	244	(10.7)	**15**	23	(34.8)
Wholesale wealth management	**92**	224	(58.9)	**67**	24	(179.2)	**25**	200	(87.5)
Total New Zealand (NZ$m)	**377**	491	(23.2)	**337**	268	(25.7)	**40**	223	(82.1)
Total New Zealand (A$m)	**285**	390	(26.9)	**255**	213	(19.7)	**30**	177	(83.1)
Total AXA cashflows (A$m)	**2,769**	3,332	(16.9)	**3,733**	3,830	2.5	**(964)**	(498)	(93.6)

1 Effective 30 March 2011, AXA APH sold its 50% share in the AXA-AllianceBernstein joint venture to AllianceBernstein LP. Cashflow disclosures exclude AllianceBernstein and exclude ipac Wholesale (International) in 1H 11.

Cashflows and assets under management (AUM) cont'd

AUM[1]	1H closing 1H 11	1H closing 1H 10	1H closing % 1H/1H	1H average 1H 11	1H average 1H 10	1H average % 1H/1H
Australian wealth management - (A$b)						
Platform	**12.8**	11.9	7.6	**13.0**	12.1	7.4
Advice	**12.6**	12.9	(2.3)	**13.0**	13.3	(2.3)
Investment[2]	**3.5**	5.6	(37.5)	**3.7**	6.0	(38.3)
Total Australian wealth management	**28.9**	30.4	(4.9)	**29.7**	31.4	(5.4)
Mature - (A$b)						
Long term savings	**9.5**	9.7	(2.1)	**9.6**	9.7	(1.0)
Long term risk	**1.5**	1.5	-	**1.5**	1.5	-
Total Mature	**11.0**	11.2	(1.8)	**11.1**	11.2	(0.9)
Total Australia	**39.9**	41.6	(4.1)	**40.8**	42.6	(4.2)
New Zealand - (NZ$b)						
Retail wealth management	**3.7**	3.5	5.7	**3.7**	3.6	2.8
Wholesale wealth management	**2.1**	1.9	10.5	**2.1**	1.9	10.5
Total New Zealand (NZ$b)	**5.8**	5.4	7.4	**5.8**	5.5	5.5
Total New Zealand (A$b)	**4.5**	4.4	2.3	**4.4**	4.4	-
Total AXA AUM (A$m)	**44.4**	46.0	(3.5)	**45.2**	47.0	(3.8)

AUM by asset class	1H 11 Platform	1H 11 Advice	1H 11 Investments	1H 11 Total	1H 10 Platform	1H 10 Advice	1H 10 Investments	1H 10 Total
Australian wealth management								
Fixed interest	32.1%	34.0%	35.5%	**33.3%**	29.2%	29.3%	32.7%	29.9%
Australian equities	34.4%	31.8%	10.5%	**30.4%**	35.8%	34.8%	16.7%	31.9%
International equities	26.3%	28.9%	34.3%	**28.4%**	28.2%	31.3%	37.0%	31.1%
Property	6.2%	5.3%	19.7%	**7.5%**	6.6%	4.6%	13.6%	7.0%
Other	1.0%	0.0%	0.0%	**0.4%**	0.2%	0.0%	0.0%	0.1%
Total	100%	100%	100%	**100%**	100%	100%	100%	100%

1 Effective 30 March 2011, AXA APH sold its 50% share in the AXA-AllianceBernstein joint venture to AllianceBernstein LP. AUM disclosures exclude AllianceBernstein and exclude ipac Wholesale (International) in 1H 11.

2 1H 11 Australian Wealth Management AUM is disclosed on a single count basis. Previous AUM disclosures have included an inter-segment elimination to remove AUM which occurs across the Australian Wealth Management and New Zealand value chains. The inter-segment elimination relates to the asset management of retail funds and cross holdings and impacts Investment AUM in Australia. Investment AUM, pre the inter-segment elimination, was A$17.4b (FY 10 A$18.3b).

Embedded value (EV) and value of new business (VNB)

AXA embedded value (A$m)[1]	3% dm	4% dm	5% dm
Embedded value as at FY 10	3,439	3,278	3,133
Expected return	145	153	162
Investment returns, bond yields and other	(136)	(148)	(155)
VNB	62	53	44
Net transfers out	(297)	(297)	(297)
Embedded value as at 1H 11	3,213	3,039	2,887
Return on embedded value as at 1H 11[1]	2.1%	1.8%	1.6%
Embedded value comprises			
Adjusted net assets[2]	375	375	375
Value of in-force business[3]	2,838	2,664	2,512

AXA embedded value (A$m) at the 3% dm	Wealth management	Financial protection	Mature	New Zealand	Total
Embedded value as at FY 10	898	1,345	891	305	3,439
Expected return	38	57	37	13	145
Investment returns, bond yields and other	(69)	(5)	(64)	2	(136)
VNB	19	34	6	3	62
Net transfers out	(8)	(76)	(182)	(31)	(297)
Embedded value as at 1H 11	878	1,355	688	292	3,213
Return on embedded value as at 1H 11[1]	(1.3%)	6.4%	(2.4%)	5.9%	2.1%
AXA embedded value (A$m) at the 4% dm					
Embedded value as at FY 10	855	1,270	862	291	3,278
Expected return	40	59	40	14	153
Investment returns, bond yields and other	(64)	(8)	(73)	(3)	(148)
VNB	15	29	6	3	53
Net transfers out	(8)	(76)	(182)	(31)	(297)
Embedded value as at 1H 11	838	1,274	653	274	3,039
Return on embedded value as at 1H 11[1]	(1.1%)	6.3%	(3.1%)	4.8%	1.8%
AXA embedded value (A$m) at the 5% dm					
Embedded value as at FY 10	817	1,204	834	278	3,133
Expected return	42	62	43	15	162
Investment returns, bond yields and other	(61)	(11)	(78)	(5)	(155)
VNB	12	25	5	2	44
Net transfers out	(8)	(76)	(182)	(31)	(297)
Embedded value as at 1H 11	802	1,204	622	259	2,887
Return on embedded value as at 1H 11[1]	(0.9%)	6.3%	(3.6%)	4.3%	1.6%

	3% dm		4% dm		5% dm	
AXA value of new business (A$m)	**1H 11**	**1H 10[4]**	**1H 11**	**1H 10[4]**	**1H 11**	**1H 10[4]**
Value of new business by business line						
Wealth management	19		15		12	
Financial protection	34		29		25	
Mature	6		6		5	
New Zealand	3		3		2	
Total	62		53		44	

1 Return on EV not annualised for half year periods.

2 Adjusted net assets are shareholder assets in excess of regulatory capital requirements, at face value.

3 Value of in-force business discounts the value of shareholder net assets (A$962m at face value) to reflect expected time of release.

4 VNB comparatives are not restated to AMP methodology.

Embedded value (EV) and value of new business (VNB) cont'd

Following the merger with AMP, AXA EV and VNB assumptions and methodology have been aligned with AMP. The impact of aligning assumptions is shown in the embedded value analysis below. Key changes include a reduction in the discount rate (from 10% to 3% above the risk discount margin) and including AXA net assets, partially offset by including licensee businesses and removal of franking credits in New Zealand.

Embedded value for the six months to 30 June 2011 increased 2.1% before transfers at the 3% discount margin to A$3,510m. Excluding investment performance, EV would have increased 3.8%.

Persistency reflects both higher lapse experience in the Australian wealth management advice businesses and lapse assumption changes across wealth management products in both Australia and New Zealand.

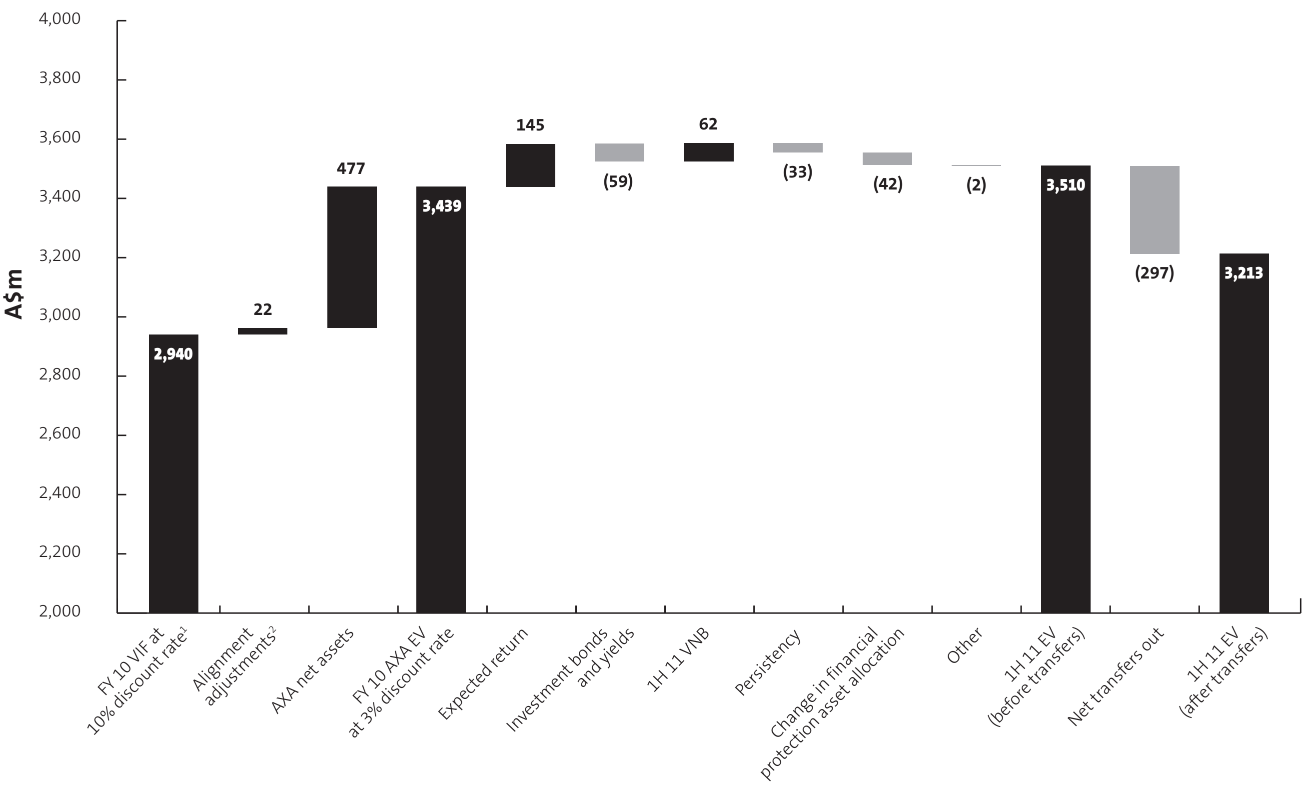
Changes in the asset allocation designed to reduce investment volatility in the Australian financial protection products reduced EV by A$42m.

Other includes pricing and margin changes on ipac products, offset by improvements in the modelling of the Multiport business.

Net transfers of A$297m include capital and AXA operating earnings, Australian franking credits (at 70% face value) and other value changes transferred to Group.

AXA embedded value measures do not include the benefit of synergies yet to be realised. Refer to page 24 for more detail.

Change in AXA EV FY 10 to 1H 11
(at a discount rate of 3% above the bond yield)



1 As published in the AXA APH FY 10 Investor Compendium.

2 Represents methodology and assumption changes to align AMP and AXA.

EV and VNB sensitivities

1H 11 change in embedded value (A$m)	Wealth management	Financial protection	Mature	New Zealand	Total
5% reduction in controllable costs	41	22	15	9	87
10% reduction in discontinuance rates	66	79	32	22	199
1% (100 bps) decrease in long term bond yields	10	61	11	11	93
1% (100 bps) increase in long term bond yields	(12)	(55)	(11)	(11)	(89)
10% increase in Australian equities	22	-	11	-	33
10% increase in international equities	19	-	9	2	30
1% reduction in investment fees	(24)	-	(9)	(3)	(36)

1H 11 change in value of new business (A$m)	Wealth management	Financial protection	Mature	New Zealand	Total
5% reduction in controllable costs	4	2	1	1	8
10% reduction in discontinuance rates	4	6	2	1	13
1% (100 bps) decrease in long term bond yields	-	4	-	1	5
1% (100 bps) increase in long term bond yields	-	(4)	-	(1)	(5)
5% increase in sales (all costs variable)	1	1	-	-	2
5% increase in sales (controllable costs fixed)	3	3	1	1	8
1% reduction in investment fees	(1)	-	-	-	(1)

Key assumptions

The tables illustrate the sensitivity of the embedded and new business values to various economic and business variables. The sensitivities can at best be only indicative because:

– they are not always linear or symmetrical, due to the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
– they assume that the movement in a particular variable is independent of all others; for the change in discontinuance rates, unit costs are assumed unchanged; for the 5% increase in sales (all costs variable), unit costs are assumed unchanged; for the 5% increase in sales (controllable costs fixed), unit costs are assumed to reduce because of the increase in business volumes
– they show the average movement for the risk discount margin range, ie 4%
– they are based on the 1H 11 position, ie not "forward looking", and make no allowance for events subsequent to 30 June 2011
– they are based on the 1H 11 sales product mix.

The 1% increase in long term government bond yields is assumed to be accompanied by a 0.5% increase in Consumer Price Index (CPI) and other associated changes in economic assumptions, bonus rates, risk discount rates and bond values. For equities, the assumed future earning rate is assumed to increase by 1% (ie the equity risk premium is unchanged).

The 5% reduction in costs is based on AXA controllable costs only, ie, it excludes planner payments and investment management expenses.

The 10% reduction in discontinuance rates is based on a uniform reduction in lapses in all future years (eg a 15% lapse rate changes to 13.5%).

The 10% increase in Australian equities assumes all Australian shares increase in value by 10%.

Investment fees are defined as all ongoing fees (including member fees and rebates) on investment products with explicit fees. The investment fee sensitivity assumes no corresponding reduction in investment management expense or planner payments.

EV assumptions

Economic assumptions

Risk discount rates are based on the yield on long term government bonds plus a discount margin.

Annualised 10 year Government bond yields	1H 11	FY 10
Australia	**5.3%**	5.6%
New Zealand	**5.1%**	6.0%

Assumed investment returns gross of income tax (% pa) are set at risk premiums over long term government bond rates:

Risk premiums	1H 11	FY 10
Local equities[1]	**4.5%**	4.5%
International equities	**3.5%**	3.7%
Property	**2.5%**	2.2%
Corporate bonds[2]	**0.8%**	1.5%
Other fixed interest	**0.0%**	(0.3%)
Cash (where significant)	**(0.5%)**	(0.8%)

1 Includes allowance for franking credits on equity income.

2 The risk premium depends on the duration and credit rating of the underlying bond portfolios and hence can vary. The premium shown is the average across all portfolios.

For the purpose of setting future investment assumptions, the broad asset mixes assumed for participating long term risk business in Australia are:

National Mutual Life	1H 11	FY 10
Equities	**37%**	37%
Property	**13%**	13%
Fixed interest	**35%**	35%
Cash	**15%**	15%

Asset mixes for participating investment account business vary by product although are weighted towards fixed interest and cash.

These asset mixes are not necessarily the same as the actual asset mix at valuation date, as they reflect long term future assumptions.

Annual inflation rates assumed are:

Inflation rate		1H 11	FY 10
Australia	- CPI	**2.9%**	2.5%
Australia	- Expenses	**3.0%**	2.5%
New Zealand	- CPI	**2.5%**	2.5%
New Zealand	- Expenses	**3.0%**	2.5%

These inflation rates are used for indexation of premiums and benefits, where appropriate, and for expense inflation.

Operating assumptions

Future mortality and morbidity rates are based on an analysis of recent AXA experience, general industry experience and, in some cases, population experience. There have been no changes to mortality or morbidity assumptions since 31 December 2010.

Future discontinuance rates are largely based on an analysis of recent AXA experience. There have been no changes to discontinuance assumptions since 31 December 2010 except for an increase in the assumed rate of withdrawals from a number of Australian and New Zealand wealth management products.

Maintenance unit costs are derived from 2010 actual expenses. Allowance is made for future inflation but potential unit cost improvements arising in and after 2011 are ignored, including future synergies arising from the merger with AMP.

Future bonus rates for participating business are the actual bonus rates declared from 1 April 2011. There was no change in these rates from those declared at 1 April 2010.

Acquisition costs for VNB are actual costs incurred in 1H 11.

Australian franking credits are valued at 70% of face value.

Assumptions make no allowance for changes to the existing tax and regulatory framework, including Australian tax and superannuation reviews, or any other regulatory changes.

Both the New Zealand life risk tax changes (effective 1 July 2010) and New Zealand reduction in corporate tax rate (effective 1 January 2011) were reflected in FY 10 EV and VNB. 1H 10 VNB includes the effect of the transition relief available to NZ life risk business written prior to 1 July 2010.

AXA's EV methodology includes an allowance for expected recurring contributions on corporate superannuation contracts where contributions can be reasonably anticipated.

Market share - AFS and AXA combined

Market share - Australia	March 2011 Total market size A$b	March 2011 Market position (rank)	March 2011 Market share %	March 2010 Total market size A$b	March 2010 Market position (rank)	March 2010 Market share %
Assets under management[1]						
Superannuation including roll-overs	253.2	1	23.4	245.8	1	23.5
Corporate superannuation master funds	88.5	1	23.8	83.0	1	24.1
Retirement income	114.6	1	18.4	106.4	1	18.9
Unit trusts (excluding cash management trusts)	131.9	5	9.9	138.1	5	9.9
Total retail managed funds (excluding cash management trusts)	506.6	1	18.5	497.4	1	18.5
Total in-force annual premiums[2,3]						
Individual risk	6.3	1	19.4	5.7	1	19.8
Group risk	3.1	5	9.6	2.8	5	10.9

1 Source: Plan for Life 31 March 2011 - QDS Retail & Wholesale.

2 Source: Plan for Life 31 March 2011 - Detailed Risk Statistics. In-force premiums individual risk excludes single premiums.

3 March 2010 market share based upon revised Plan For Life numbers.

Market share - New Zealand	March 2011 Total market size NZ$b	March 2011 Market position (rank)	March 2011 Market share %	March 2010 Total market size NZ$b	March 2010 Market position (rank)	March 2010 Market share %
Assets under management						
Retail superannuation[1]	4.7	1	40.8	5.1	1	38.4
Unit trusts[1]	9.2	2	18.9	8.0	1	23.1
Insurance bonds[1]	0.7	3	20.7	0.8	3	20.8
Total retail funds[1]	25.0	1	21.8	19.9	2	19.1
Corporate superannuation[2]	4.4	1	49.9	4.0	1	50.4
Conventional[3]	0.2	1	71.5	0.2	1	72.2
KiwiSaver[1]	8.3	3	18.9	5.1	2	20.8
Total in-force annual premiums						
Individual risk[3]	1.4	2	20.0	1.3	2	20.8

1 Measured by AUM: Source: Fund Source Research Limited March 2011.

2 Measured by AUM: Source: Eriksen's Master Trust Survey March 2011.

3 Measured by in-force premium: Source: ISI Statistics March 2011.

AMP Capital Investors financial summary

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Profit and loss					
Internal AUM based management fees	**70**	73	71	144	(4.1)
External AUM based management fees	**83**	76	80	156	9.2
Non-AUM based management fees	**25**	27	26	53	(7.4)
Performance and transaction fees	**20**	19	26	45	5.3
Fee income	**198**	195	203	398	1.5
Controllable costs	**(144)**	(136)	(145)	(281)	(5.9)
Tax expense	**(14)**	(15)	(14)	(29)	6.7
Operating earnings before net seed pool income	**40**	44	44	88	(9.1)
Net seed pool income	**1**	-	(1)	(1)	n/a
Operating earnings	**41**	44	43	87	(6.8)
Underlying investment income	**2**	4	3	7	(50.0)
Underlying operating profit after income tax	**43**	48	46	94	(10.4)
Controllable costs					
Employee related	**77**	70	79	149	10.0
Investment operations and other	**60**	58	58	116	3.4
Total operating costs	**137**	128	137	265	7.0
Project costs	**7**	8	8	16	(12.5)
Total controllable costs	**144**	136	145	281	5.9
Cost to income ratio	**71.3%**	67.7%	70.3%	69.0%	n/a
Controllable costs to AUM (bps)[1]	**29.2**	28.5	30.0	29.2	n/a
AUM (A$b)	**97.7**	95.2	98.0	98.0	2.6
Average AUM (A$b) - total	**99.0**	95.5	97.0	96.3	3.7
Average AUM (A$b) - internal	**60.9**	59.7	59.6	59.7	2.0
Average AUM (A$b) - external	**38.1**	35.8	37.4	36.6	6.4
AUM based management fees to AUM (bps) - internal	**22.8**	24.5	23.8	24.2	n/a
AUM based management fees to AUM (bps) - external	**43.6**	42.3	42.7	42.5	n/a
Performance and transaction fees to AUM (bps)[1]	**4.1**	4.0	5.4	4.7	n/a
End period tangible capital resources - after transfers (A$m)	**226**	231	231	231	(2.2)
RoBUE	**36.5%**	50.4%	41.8%	45.8%	n/a

1 Based on average of monthly average AUM.

AMP Capital Investors financial summary cont'd

Operating earnings

AMPCI's operating earnings decreased A$3m (7%) to A$41m in 1H 11. Higher fee income was offset by higher controllable costs.

Fee income

Fee income increased A$3m (2%) in 1H 11 to A$198m. Average AUM increased by 4%, resulting in AUM based management fees increasing by A$4m (3%). Non-AUM based management fees decreased A$2m, while performance and transaction fees increased A$1m to A$20m.

Internal AUM based management fees decreased 4% to A$70m. Despite the 2% increase in average internal AUM, internal AUM based management fees decreased due to lower average fee rates. Internal AUM based management fees to AUM decreased by 1.7 bps to 22.8 bps, due to changes in asset mix.

External AUM based management fees increased 9% to A$83m. This increase is due to higher average external AUM (up 6%) and higher average fee rates. External AUM based management fees to AUM increased by 1.3 bps to 43.6 bps due to the asset mix shifting away from cash towards direct infrastructure, global listed infrastructure and property securities.

Non-AUM based management fees include property asset management, development and leasing fees and bond lending fees. Non-AUM based management fees decreased by A$2m to A$25m due to lower property development fees (down A$2m). Lower property development fees reflect continuing lower development activity due to the current economic environment.

1H 11 performance fees were A$19m, up from A$12m in 1H 10. 1H 11 performance fees were principally derived from outperformance in fixed income, domestic equities and infrastructure asset classes.

1H 11 transaction fees were A$1m, down from A$7m in 1H 10. 1H 10 transaction fees benefited from a A$6m fee from an infrastructure transaction. Due to changing market dynamics, transaction fees are not expected to be a significant contributor to future fee income.

Controllable costs

Controllable costs increased by A$8m (6%) to A$144m in 1H 11. 1H 11 controllable costs decreased A$1m from 2H 10.

Employee costs increased by A$7m on 1H 10 as a result of higher employee numbers and salary increases. The increase in employee numbers is associated with the investment in new infrastructure capabilities, both domestically and internationally, and continued growth of AMPCI's Japanese distribution presence and other international expansion. Higher employee numbers were also due to the finalisation of the migration of AUM to AMPCI's new operating platforms. The new operating platforms allow for increased volumes with little incremental cost, which will enable any AXA related investment management activities to be added with little controllable cost impact.

Investment operations and other costs increased by A$2m and project costs decreased by A$1m on 1H 10. The increase in investment operations and other costs were a result of higher technology costs associated with the migration of AUM to new operating platforms and the release of new infrastructure debt and global listed infrastructure products.

The cost to income ratio increased by 3.6 percentage points to 71.3% due to higher controllable costs.

Tax expense

The AMPCI effective tax rate in 1H 11 was 25.9%, which is lower than the Australian corporate tax rate (30%) due to tax concessions as a result of undertaking offshore activities and the receipt of joint venture (JV) income. Future effective tax rates will be impacted by the portion of earnings generated from offshore activities relative to total operating earnings.

Return on capital

RoBUE decreased to 36.5% in 1H 11 due to higher average capital and lower operating earnings. Capital increased in June 2010 following higher AMPCI shareholder equity used to fund seed pool assets.

AUM and cashflows

AUM decreased by A$0.3b in 1H 11 to A$97.7b, due to negative net cashflows offsetting positive investment returns.

External AUM decreased by A$0.2b (1%) in 1H 11 to A$37.5b. The decrease in external AUM was driven by negative investment returns partly offset by positive external net cashflows. AMPCI continues to grow its offshore distribution capability including expansion of its Japanese capability.

AMPCI attracted over A$0.5b in net external cashflows from Asia in 1H 11 and now manages almost A$8.5b in AUM for clients from the region. Japanese inflows were impacted by a range of factors including the earthquake/tsunami in March. AMPCI continues to have success in distributing Australian bonds and global REITs in the Asian region. The product base expanded during 1H 11 through the successful launch of a global listed infrastructure product for the Japanese retail market.

Internal AUM fell A$0.1b in 1H 11 to A$60.2b, with investment returns partly offsetting a net cash outflow of A$1.2b.

AMP Capital Investors financial summary cont'd

Internal net cashflows include AMP Group payments such as dividend payments to shareholders and inflows/outflows from AFS products including products in run-off. Net cashflows from AFS are net of planner payments, investment management expense, taxes and administration costs paid by AMP Life. AMPCI manages all of AFS Mature's AUM (A$17b), which is expected to run-off at 4% to 6% per annum. Internal net cashflows are being impacted by weak investor sentiment and volatile equity markets, which result in lower discretionary contributions into AFS products and in turn lower AMPCI internal net cashflows. AMPCI is working with AFS to maximise the benefits from the group's expanded distribution footprint following the merger with AXA.

Refer to the tables on page 40 for more detail on external and internal cashflows.

Net seed pool income

The seed pool is designed to assist business growth by seeding funds with assets and by investing initial equity in new funds.

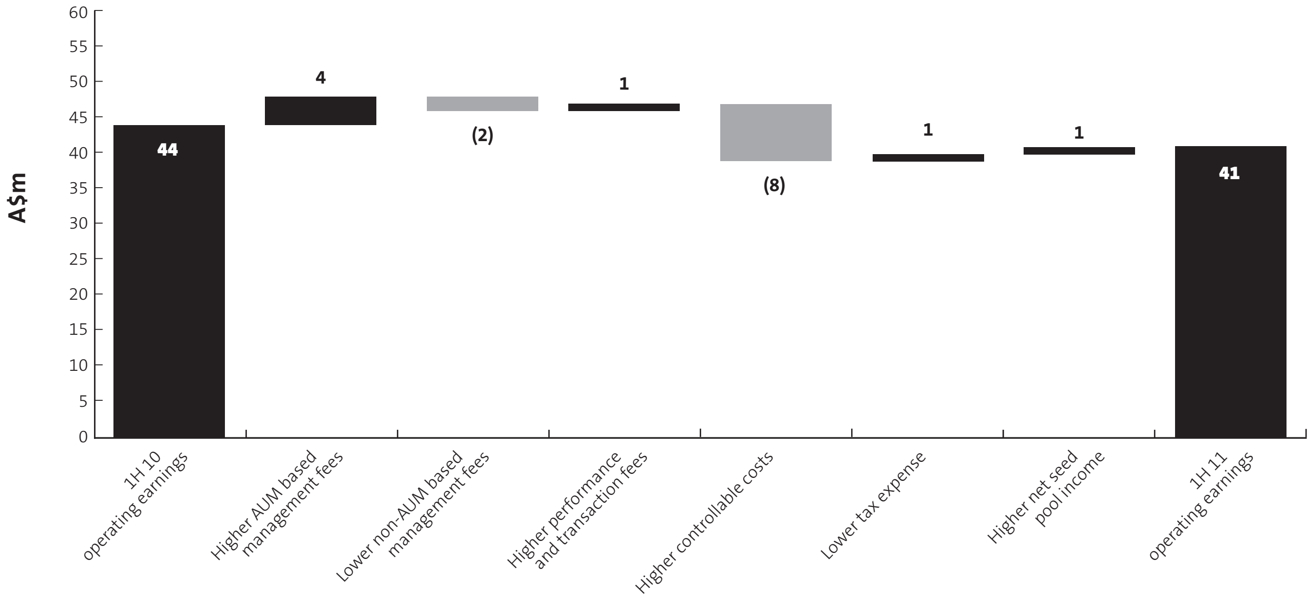
The seed pool is funded with a mixture of debt and AMPCI shareholder equity. Debt funding is limited in accordance with AMPCI's risk appetite.

At 30 June 2011, the seed pool held net assets of A$65m, representing a 14.4% stake in Singapore Exchange listed AIMS AMP Capital Industrial REIT. The AIMS AMP Capital Industrial REIT's portfolio comprises 26 industrial properties located throughout Singapore. During 1H 11, the REIT undertook a private placement which AMPCI did not participate in, resulting in AMPCI's stake being diluted from 16.1%. The REIT's portfolio has a total value of approximately S$850m.

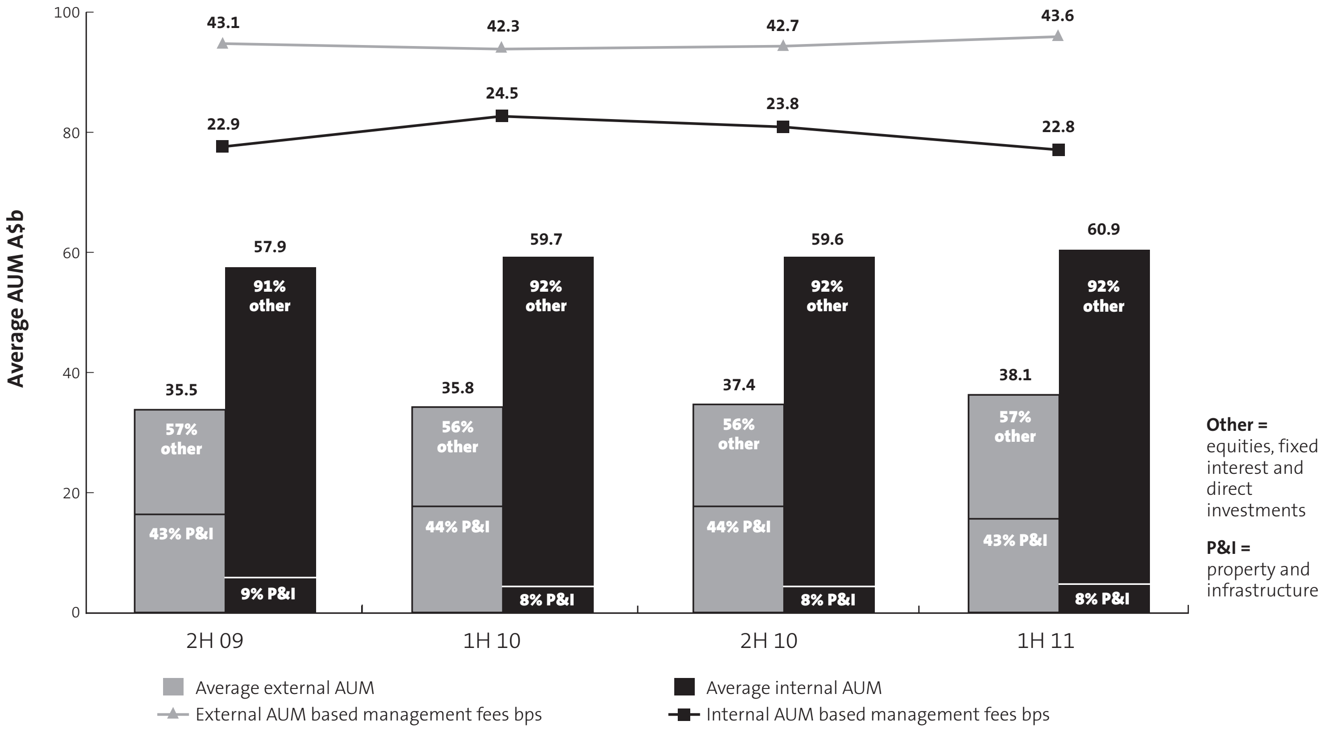
The seed pool results will depend upon a range of factors including the level of debt funding and investment returns. The 1H 11 net seed pool profit of A$1m was due to distributions received, partially offset by changes in the REIT's valuation. In 1H 11 there were no abnormal writedowns in the value of seed pool assets.

AMP Capital Investors financial summary cont'd

Movement in operating earnings 1H 10 to 1H 11



Average AUM and AUM based management fees



Cashflows and assets under management (AUM)

Cashflows by asset class (A$m)	Cash inflows 1H 11	Cash inflows 1H 10	Cash inflows % 1H/1H	Cash outflows 1H 11	Cash outflows 1H 10	Cash outflows % 1H/1H	Net cashflows 1H 11	Net cashflows 1H 10	Net cashflows % 1H/1H
External									
Australian equities	**725**	478	51.7	**756**	504	(50.0)	**(31)**	(26)	(19.2)
International equities	**983**	915	7.4	**777**	549	(41.5)	**206**	366	(43.7)
Fixed interest	**1,403**	1,460	(3.9)	**1,266**	850	(48.9)	**137**	610	(77.5)
Infrastructure	**130**	451	(71.2)	**32**	25	(28.0)	**98**	426	(77.0)
Direct investments	**-**	1	n/a	**3**	2	(50.0)	**(3)**	(1)	(200.0)
Property	**404**	658	(38.6)	**564**	172	(227.9)	**(160)**	486	n/a
Alternative assets	**1**	1	-	**1**	7	85.7	**-**	(6)	n/a
Total external	**3,646**	3,964	(8.0)	**3,399**	2,109	(61.2)	**247**	1,855	(86.7)
Internal									
Australian equities	**828**	800	3.5	**889**	1,415	37.2	**(61)**	(615)	90.1
International equities	**1,072**	819	30.9	**1,488**	762	(95.3)	**(416)**	57	n/a
Fixed interest	**4,009**	2,707	48.1	**4,536**	2,480	(82.9)	**(527)**	227	n/a
Infrastructure	**13**	12	8.3	**48**	77	37.7	**(35)**	(65)	46.2
Direct investments	**3**	22	(86.4)	**22**	12	(83.3)	**(19)**	10	n/a
Property	**104**	17	511.8	**274**	328	16.5	**(170)**	(311)	45.3
Alternative assets	**95**	59	61.0	**29**	41	29.3	**66**	18	n/a
Total internal	**6,124**	4,436	38.1	**7,286**	5,115	(42.4)	**(1,162)**	(679)	(71.1)
Total	**9,770**	8,400	16.3	**10,685**	7,224	(47.9)	**(915)**	1,176	n/a

AUM by asset class (A$m)	FY 10		Net cashflows	Investment returns and other[3]	1H 11		% HY
External							
Australian equities	3,909	10%	(31)	41	**3,919**	10%	0.3
International equities	7,373	20%	206	(108)	**7,471**	20%	1.3
Fixed interest	9,600	26%	137	(43)	**9,694**	26%	1.0
Infrastructure	4,220	11%	98	55	**4,373**	12%	3.6
Direct investments	69	0%	(3)	(24)	**42**	0%	(39.1)
Property[1]	12,579	33%	(160)	(406)	**12,013**	32%	(4.5)
Alternative assets[2]	8	0%	-	-	**8**	0%	-
Total external	37,758	100%	247	(485)	**37,520**	100%	(0.6)
Internal							
Australian equities	18,321	30%	(61)	(325)	**17,935**	30%	(2.1)
International equities	12,130	20%	(416)	(93)	**11,621**	19%	(4.2)
Fixed interest	22,729	38%	(527)	1,153	**23,355**	39%	2.8
Infrastructure	1,311	2%	(35)	86	**1,362**	2%	3.9
Direct investments	452	1%	(19)	4	**437**	1%	(3.3)
Property[1]	3,623	6%	(170)	153	**3,606**	6%	(0.5)
Alternative assets[2]	1,708	3%	66	79	**1,853**	3%	8.5
Total internal	60,274	100%	(1,162)	1,057	**60,169**	100%	(0.2)
Total							
Australian equities	22,230	23%	(92)	(284)	**21,854**	22%	(1.7)
International equities	19,503	20%	(210)	(201)	**19,092**	20%	(2.1)
Fixed interest	32,329	33%	(390)	1,110	**33,049**	34%	2.2
Infrastructure	5,531	5%	63	141	**5,735**	6%	3.7
Direct investments	521	1%	(22)	(20)	**479**	0%	(8.1)
Property[1]	16,202	16%	(330)	(253)	**15,619**	16%	(3.6)
Alternative assets[2]	1,716	2%	66	79	**1,861**	2%	8.4
Total	98,032	100%	(915)	572	**97,689**	100%	(0.3)
AUM by source of client (A$m)							
Australia	80,665	82%	(1,612)	242	**79,295**	81%	(1.7)
New Zealand	8,907	9%	141	17	**9,065**	9%	1.8
Asia (including Middle East)	7,609	8%	544	310	**8,463**	9%	11.2
Rest of world	851	1%	12	3	**866**	1%	1.8
Total	98,032	100%	(915)	572	**97,689**	100%	(0.3)

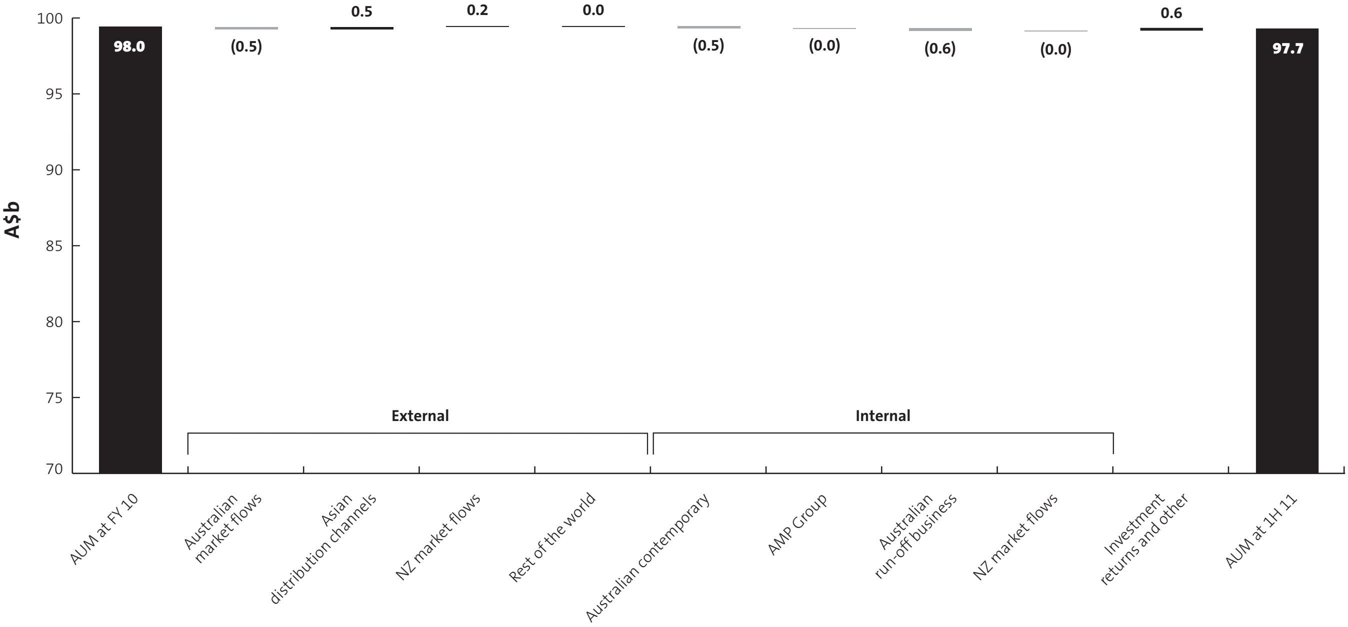
1 Property AUM comprises Australian (A$13.2b), NZ (A$1.8b) and Asian (A$0.6b) managed assets. Australian property AUM is invested in office (37%), retail (51%) industrial (6%) and other (6%).

2 Alternative assets refer to a range of investments that fall outside of the traditional asset classes and includes investments in commodities and absolute return funds.

3 Other includes distributions, taxes and foreign exchange movements.

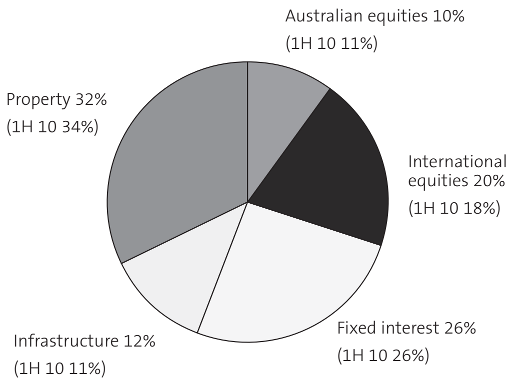
Cashflows and assets under management (AUM) cont'd

Movement in AUM by channel FY 10 to 1H 11[1]

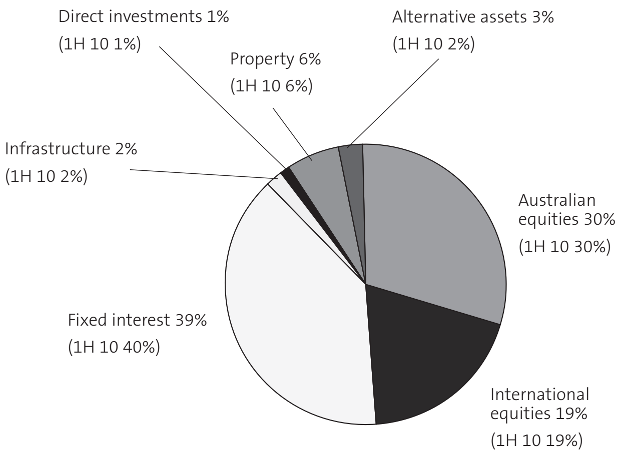


1 AMPCI cash inflows reported net of fees and taxes.

External AUM by asset class (A$38b AUM)



Internal AUM by asset class (A$60b AUM)



Investment performance

69% of AUM met or exceeded benchmark over the 12 months to 30 June 2011. The target for the business is 75% of AUM meeting or exceeding benchmark.

The competitive rankings of AMPCI's main funds remain strong over the five year period to 30 June 2011, with first quartile rankings for the Corporate Bond Fund and the Global Listed Property Trust, along with second quartile rankings for the Wholesale Australian Bond Fund, Australian equities - Active Quant and Direct Property funds.

The 12 months to 30 June 2011 has seen improvement in property and infrastructure. However, there remains some significant challenges ahead for domestic and global economies which will impact performance.

Many of the property and infrastructure benchmarks are set against a bond yield plus margin benchmark, which were challenging to exceed given market conditions over the past 12 months.

Australasian direct property continued to recover with 62% of AUM meeting or exceeding benchmark for the 12 months to 30 June 2011. The Australian Core Property Portfolio and AMP Wholesale Office Fund recorded first quartile rankings over the 12 months along with second quartile rankings over the five year period to 30 June 2011. Around 70% of AMPCI property fund benchmarks are related to the government bond yield plus a margin (eg 3%).

96% of Asia-Pacific fixed interest met or exceeded benchmark for the 12 months to 30 June 2011 and 98% over the five years to 30 June 2011. Investment performance has continued to benefit from credit markets stabilising. The Corporate Bond Fund ranked in the first quartile according to the Mercer Sector Survey for three and five years and second quartile over one year. The Wholesale Australian Bond Fund ranked in the second quartile according to the Mercer Sector Survey for one, three and five years.

62% of AMPCI managed Asia-Pacific equities met or exceeded benchmarks for the 12 months to 30 June 2011. The Capital, Quant, Value, and Enhanced Index styles all added value over one, three and five year periods against their passive benchmark. Over five years, 84% of Asia Pacific AUM met or exceeded benchmark. Over five years, the Capital, Quant, and Value investment styles have beaten their benchmarks by 1.1%, 1.5%, and 1.2% respectively, along with a second quartile competitor ranking for the Quant style, according to the Mercer Sector Survey.

Over five years to 30 June 2011, 92% of international listed property funds met or exceeded benchmark, while 58% met or exceeded benchmarks for the 12 months to 30 June 2011. The Global Listed Property Securities Fund recorded a first quartile ranking over one, three and five years to 30 June 2011.

Performance across international multi-manager funds has improved for the 12 months to 30 June 2011.

International bond portfolios benefited from stabilised credit spreads and liquidity, resulting in 97% of funds outperforming for the 12 months to 30 June 2011.

94% of International equities met or exceeded benchmark for the 12 months to 30 June 2011.

Investment performance - period ended 30 June 2011

Percentage of funds meeting or exceeding benchmark (%)	**1 year**	**3 years**	**5 years**
AMPCI managed			
Asia-Pacific equities	**62%**	72%	84%
Asia-Pacific fixed interest	**96%**	95%	98%
Infrastructure and direct investments	**53%**	3%	44%
Australasian property - direct	**62%**	10%	17%
International property - listed	**58%**	92%	92%
Total AMPCI managed	**73%**	55%	65%
Multi-manager and Multi-Asset Group			
Asia-Pacific equities	**90%**	80%	93%
Australasian fixed interest	**79%**	100%	100%
International equities	**94%**	32%	54%
International fixed interest	**97%**	82%	3%
Diversified	**50%**	40%	40%
Total multi-manager and Multi Asset Group	**67%**	44%	44%
Total AMPCI	**69%**	48%	52%

Investment performance cont'd

A summary of investment performance for the one, three and five years to 30 June 2011 across the various funds/styles is shown in the table below. In instances where there is more than one fund for an investment style, investment performance of the flagship fund has been quoted.

Investment performance across funds/styles	1 Year			3 Years			5 Years		
Equities	Absolute return[1] (%)	Excess return (%)	Competitor quartile ranking[2]	Absolute return[1] (%)	Excess return (%)	Competitor quartile ranking[2]	Absolute return[1] (%)	Excess return (%)	Competitor quartile ranking[2]
Fund/style name									
Sustainable Future (SRI)	11.5	(0.2)	Q3	(0.5)	(0.8)	Q4	1.4	(1.0)	Q4
Capital	12.3	0.6	Q2	1.8	1.5	Q3	3.4	1.1	Q3
Active Quant	13.0	1.2	Q2	1.3	0.9	Q3	3.8	1.5	Q2
Value	12.9	1.1	Q2	1.5	1.2	Q3	3.6	1.2	Q3
Enhanced index	12.1	0.4	Q2	0.7	0.4	Q2	2.7	0.3	Q3
New Zealand equities	18.3	0.8	Q1	5.7	1.7	Q3	3.1	2.4	Q2
Fixed interest									
Fund/style name									
Wholesale Australian Bond Fund[3]	7.4	1.8	Q2	9.7	1.6	Q2	7.4	0.9	Q2
Enhanced yield	2.6	(2.0)	n/a	3.8	(0.4)	n/a	5.7	1.0	n/a
Corporate bond	9.4	4.1	Q2	9.7	1.7	Q1	7.3	0.9	Q1
New Zealand fixed interest	7.2	0.5	Q3	10.7	2.5	Q1	8.7	1.6	Q1
International funds (multi-manager)									
Fund/style name									
International equities (unhedged)[3]	3.9	1.2	Q2	(4.6)	(1.4)	Q3	(5.4)	(0.3)	Q4
International fixed interest	7.9	1.0	Q4	9.5	0.1	Q2	7.0	(1.4)	Q2
Property (direct and listed)									
Fund/style name									
Australian Core Property Portfolio	11.3	3.0	Q1	1.3	(7.0)	Q1	7.5	(1.1)	Q2
AMP Wholesale Office Fund[3]	12.2	3.4	Q1	(1.7)	(10.4)	Q3	6.8	(2.2)	Q2
AMP Shopping Centre Fund[3]	10.8	2.0	Q2	1.1	(7.6)	Q1	6.9	(2.2)	Q2
Property Income Fund	10.3	(0.3)	Q2	0.9	0.9	Q1	6.4	0.4	Q2
New Zealand Direct Property	(0.3)	n/a	n/a	(14.6)	n/a	n/a	(0.6)	n/a	n/a
Australian Listed Property Trusts[4]	6.7	0.9	Q2	(9.5)	0.2	Q3	(9.8)	0.0	Q3
Global Listed Property Trusts[4]	33.9	1.4	Q1	4.1	2.7	Q1	1.6	2.4	Q1
Infrastructure									
Fund/style name									
Infrastructure Equity Fund	10.4	0.5	Q3	2.4	(7.4)	Q4	3.5	(6.6)	Q4
Core Infrastructure Fund[3]	16.5	7.9	Q1	6.8	(1.7)	Q3	n/a	n/a	n/a
Australia Pacific Airports Fund	10.9	(1.1)	n/a	1.7	(0.3)	n/a	17.4	5.4	n/a
Private equity									
Fund/style name									
Business Development Fund 2	(7.3)	(24.6)	n/a	(5.9)	(11.2)	n/a	8.3	0.8	n/a
Private Equity Fund 3	47.1	n/a	n/a	(27.3)	n/a	n/a	(14.6)	n/a	n/a

1 Absolute returns are annualised for periods greater than one year. Absolute return for Private equity represents internal rate of return.

2 Competitor quartile ranking determined using relevant Mercer Sector Surveys.

3 For this fund competitor quartile ranking, an indicative ranking was done.

4 For this fund competitor quartile ranking, a composite return was used.

Capital management

30 June 2011

A$m	Total AMP	AMP Life Statutory Funds	AMP Life other[5]	AMP Bank	Total AFS	AXA[6]	AMPCI	Group Office
Total capital resources	**8,527**	1,932	555	373	2,860	4,253	371	1,043
Intangibles[1,2]	**(3,655)**	-	(457)	(33)	(490)	(2,928)	(145)	(92)
Tangible capital resources	**4,872**	1,932	98	340	2,370	1,325	226	951
Senior debt[3]	**(657)**	-	-	-	-	-	-	(657)
Other deductions[4]	**(24)**	-	-	(24)	(24)	-	-	-
Regulatory capital resources	**4,191**	1,932	98	316	2,346	1,325	226	294
Minimum regulatory capital requirements (MRR)	**2,017**	816	24	256	1,096	879	42	-
Regulatory capital resources above MRR	**2,174**	1,116	74	60	1,250	446	184	294
– attributed to shareholders	**1,491**	433	74	60	567	446	184	294
– attributed to participating policyholders	**683**	683	-	-	683	-	-	-

31 December 2010

A$m	Total AMP	AMP Life Statutory Funds	AMP Life other[5]	AMP Bank	Total AFS	AXA[6]	AMPCI	Group Office
Total capital resources	**3,932**	1,820	553	326	2,699		373	860
Intangibles[1]	**(730)**	-	(452)	(26)	(478)		(142)	(110)
Tangible capital resources	**3,202**	1,820	101	300	2,221		231	750
Senior debt[3]	**(607)**	-	-	-	-		-	(607)
Other deductions[4]	**(24)**	-	-	(24)	(24)		-	-
Regulatory capital resources	**2,571**	1,820	101	276	2,197		231	143
Minimum regulatory capital requirements (MRR)	**1,089**	777	21	233	1,031		58	-
Regulatory capital resources above MRR	**1,482**	1,043	80	43	1,166		173	143
– attributed to shareholders	**854**	415	80	43	538		173	143
– attributed to participating policyholders	**628**	628	-	-	628		-	-

1 Refer to page 52 for definition. Intangibles include capitalised costs.

2 AXA intangibles includes goodwill (A$1.8b) and identifiable intangibles, including value of in-force (A$1.2b).

3 Refer to debt overview page 47.

4 Other deductions relate to AMP Bank's holdings of subordinated RMBS notes in its securitisation vehicles.

5 Includes AFS accountable component of the AMP Life Shareholders fund and AFS subsidiaries (eg AMPFP, Hillross).

6 AXA includes NMLA (National Mutual Life Association), North, AXA distribution and AXA employee defined benefit schemes.

Capital management

At 30 June 2011 the regulatory capital resources above MRR were A$2,174m (A$1,482m at 31 December 2010). Regulatory capital resources were 2.1 times MRR (2.4 times at 31 December 2010).

The substantial increase in regulatory capital resources above MRR was a result of the merger with AXA and a number of capital initiatives undertaken during 1H 11.

Regulatory capital resources above MRR will vary throughout the year due to a range of factors including investment market movements, dividend payments and statutory profits.

Regulatory capital resources above MRR have been split between the amount attributable to shareholders and the amount attributable to participating policyholders. This reflects the likely disclosures under APRA's review of life insurance capital standards. The amount attributable to participating policyholders is available to absorb market and other impacts on the capital position of the participating business for AMP Life.

AMP continues to take a prudent approach to capital management and has a bias towards holding more capital rather than less in light of continuing market volatility and until future regulatory capital standards (including APRA conglomerates proposals, APRA's life insurance capital review, the Australian implementation of Basel III and RBNZ's review of NZ life insurance solvency standards) are finalised.

Consistent with this approach, the following capital initiatives have been undertaken during 1H 11:

– the sale of approximately A$400m of equities backing AXA's Australian financial protection policy liabilities and AXA shareholder capital
– the purchase of tactical down-side equity protection covering approximately A$400m of Australian equities backing AMP Life's mature book
– the purchase of tactical down-side equity protection covering approximately A$170m of international equities backing AMP Life's mature book, and
– the purchase of tactical down-side bond yield protection providing approximately A$2.9b of nominal protection within AMP Life's mature book.

Subsequent to 30 June 2011, AMP purchased additional tactical down-side equity protection covering approximately A$1.1b of international equities backing AMP Life's mature book.

In AXA's mature book a long term derivative strategy, using swaps, is employed to modify the duration of shareholder defensive assets to minimise profit volatility. Refer to page 28 for more detail.

Capital management cont'd

AMP's interim 2011 dividend is 15 cents per share franked to 30%. AMP's dividend payout ratio for 1H 11 is 81% of underlying profit, with future dividends likely to be in the range of 75% to 85% of underlying profit. AMP will offer a discount of 1.5% to DRP participants. The DRP will not be underwritten and new shares will be issued.

MRR

The minimum regulatory capital requirement (MRR) is the amount of capital required by each of AMP's regulated businesses to meet their capital requirements as set by the appropriate regulator.

These requirements include:

– AMP Life - solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards
– AMP Life other - capital requirements under Australian Financial Services Licences (AFSL)
– AMP Bank - capital requirements as specified under the APRA Banking Prudential Standards
– AXA - solvency, capital adequacy and management capital requirements as specified under the APRA Life Insurance Prudential Standards and capital requirements under AFSLs (including for the North guarantee), and
– AMPCI - capital requirements under its AFSL.

APRA is currently reviewing life and general insurance capital standards. APRA recently completed a second Quantitative Impact Study (QIS2). APRA has indicated it expects to make further changes to its proposals, particularly for life insurance, when it issues its next response paper and draft prudential standards later in 2011.

Other regulatory capital reviews underway include:

– APRA development of a supervision framework for conglomerate groups. No further updates on these proposals are expected until 2012
– ASIC review of minimum capital requirements imposed on responsible entities of registered managed investment schemes under the AFSL regime
– Reserve Bank of New Zealand review of solvency standards for New Zealand insurance companies - AMP intends to apply for an exemption to the New Zealand solvency standards, and
– Basel Committee on Banking Supervision review of global banking supervision (Basel III) and APRA revisions to Australian banking standards.

AMP continues to maintain a strengthened capital position until the outcomes of these regulatory capital reviews become clearer.

Target surplus

AMP's businesses each target a level of capital equal to MRR plus a target surplus. The target surplus is a management guide to the level of excess capital that AMP seeks to carry. It is not a point estimate which requires automatic management action. AMP's capital position relative to its target surplus can vary significantly throughout the year.

Following the merger of AMP and AXA, the target surplus policies have largely been aligned.

The target surplus for both AMP Life and NMLA (National Mutual Life Association), is set by reference to a probability of breaching regulatory capital requirements. This is a two tiered test where the target surplus is set as the greater of the amount required for a:

– 1% probability of breaching solvency over one year, or
– 10% probability of breaching capital adequacy over one year.

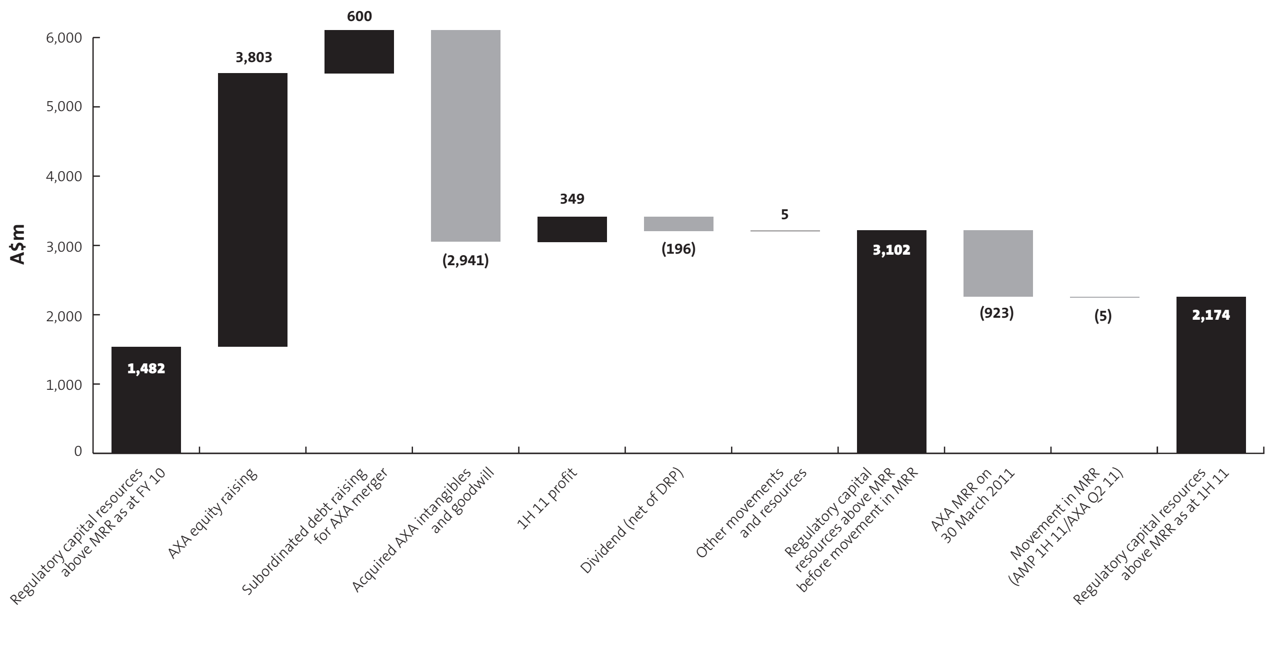
AMP Bank's target surplus reflects an additional 0.75% of risk weighted assets above the APRA minimum requirements.

AMPCI's target surplus is set to cover the seed pool investment risk and operational risks.

Other components of AMP's target surplus include:

– target surplus relating to the North guarantee product set by reference to a 10% probability of breaching North MRR
– Group Office investment risks
– defined benefit fund mismatch risks, and
– operational risks.

Movement in 1H 11 regulatory capital resources above MRR



Capital management cont'd

Regulatory capital resources (A$m)	30 June 2011	31 December 2010
AMP shareholder equity	**6,991**	3,046
Allowable hybrid Tier 1 instruments	**-**	-
Less: goodwill and other intangibles	**(3,655)**	(730)
Less: other deductions[1]	**(24)**	(24)
Tier 1	**3,312**	2,292
Allowable upper Tier 2 instruments	**-**	-
Allowable lower Tier 2 instruments	**879**	279
Tier 2	**879**	279
Total regulatory capital (Tier 1 + Tier 2)	**4,191**	2,571

1 Other deductions relate to AMP Bank's holdings of subordinated notes in its securitisation vehicles.

Total capital resources by asset class (A$m)	30 June 2011	31 December 2010
International equities	**55**	71
Australian equities	**109**	68
Property	**273**	247
International fixed interest	**60**	106
Australian fixed interest	**210**	529
Cash[1]	**1,879**	1,699
Implicit Deferred Acquisition Costs (DAC)	**1,786**	-
Total shareholder funds	**4,372**	2,720
Other[2]	**500**	482
Tangible capital resources	**4,872**	3,202
Intangibles	**3,655**	730
Total capital resources	**8,527**	3,932

1 Cash includes cash balances held as bank deposits, short term fixed interest securities and floating rate securities.

2 Other includes A$252m (FY 10 A$165m) of cash held backing liabilities, seed pool assets of A$65m (FY 10 A$63m) and A$183m (FY 10 A$254m) of other assets and liabilities.

Nominal versus effective exposure

The asset allocations above reflect the effective exposure of shareholder funds after consideration of the effects of derivative positions.

Management of market risks in the shareholder funds

Total shareholder funds (A$4,372m) comprise direct shareholder funds (A$3,970m) where the shareholder can determine the asset mix and co-mingled shareholder funds (A$402m) that are invested in the same asset mix as participating policyholder funds.

The investment of the direct shareholder funds provides management with a lever to manage the overall market risk within the AMP Group. Changes are made to the asset mix of the direct shareholder funds to achieve the desired level of overall market risk exposure across the AMP Group. Less than 5% of AMP shareholder funds are invested in equities.

The majority of the international equity exposures are not hedged for currency. Property exposures relate primarily to a 65% interest in AMP's head office at 33 Alfred Street Sydney.

The shareholder fixed interest portfolio is split approximately 60% in sovereign exposures and 40% in corporate exposures. Corporate exposures are invested in AAA (14%), AA (41%), A (20%), BBB (21%) and sub-investment grade and unrated (4%).

Implicit DAC

AMP has amended its asset disclosures in 1H 11 to recognise implicit DAC as an asset backing shareholder capital. The implicit DAC relates to the wealth protection business, and is similar to a loan from shareholder capital to the wealth protection business (for both AMP and AXA) to fund the upfront costs associated with acquiring new risk business. The implicit DAC asset generates an investment return equivalent to the cash rate.

Underlying investment income

AMP calculates the underlying investment income that is allocated to the business units (BUs) and Group Office, for management reporting purposes, by applying an underlying rate of return to BU and Group Office shareholder assets invested in income producing investment assets (as opposed to operating assets). The underlying after tax rate of return used for 1H 11 is 4.25% pa (FY 10 4.25% pa) based on the long term target asset mix. AMP and AXA's methodology for calculating underlying investment income has been aligned.

Underlying investment income is calculated on shareholder funds invested in income producing assets. Shareholder funds invested in income producing assets may be higher or lower than business unit capital due to the working capital requirements of the business unit.

Debt overview

	30 June 2011			31 December 2010		
A$m	**Corporate**	**AMP Bank**	**Total**	**Corporate**	**AMP Bank**	**Total**
Subordinated bonds/notes	83	-	**83**	83	-	**83**
AMP Notes[1]	296	-	**296**	296	-	**296**
Subordinated loan from Group Office to AMP Bank	(100)	100	**-**	(100)	100	**-**
AXA subordinated notes	600	-	**600**	-	-	**-**
Total subordinated debt (Tier 2)	879	100	**979**	279	100	**379**
Domestic commercial paper, NCDs and repos	59	674	**733**	59	962	**1,021**
Euro medium-term notes	398	-	**398**	398	-	**398**
Domestic medium-term notes	200	1,115	**1,315**	350	1,130	**1,480**
Bank facilities	-	-	**-**	-	-	**-**
Loan from Group Office to AMP Bank	-	-	**-**	(200)	200	**-**
Total senior debt	657	1,789	**2,446**	607	2,292	**2,899**
Deposits[2]	-	5,834	**5,834**	-	5,070	**5,070**
Total debt	1,536	7,723	**9,259**	886	7,462	**8,348**
Corporate gearing ratios						
S&P gearing	11%	-	**-**	10%	-	**-**
Interest cover - underlying (times)	12.1	-	**-**	11.6	-	**-**
Interest cover - actual (times)	10.3	-	**-**	11.8	-	**-**

	Corporate debt by year of repayment					
A$m	**0 - 1 years[3]**	**1 - 2 years**	**2 - 5 years**	**5 - 10 years**	**10+ years**	**Total**
Corporate debt at 30 June 2011	457	-	1,096	-	83	**1,636**
Loans from Group Office to AMP Bank	-	-	(100)	-	-	**(100)**
Total corporate debt at 30 June 2011	457	-	996	-	83	**1,536**
Total corporate debt at 31 December 2010	209	398	196	-	83	**886**

1 The AMP Notes 10 year subordinated debt, with a call date in five years, has been structured to qualify as Lower Tier 2 capital for APRA purposes.

2 Deposits includes AMP Bank retail deposits (A$3.4b), AMP Super Cash (A$2.1b) and other AMP Life policyholder deposits (A$0.3b).

3 1H 11 corporate debt repayable in 0-1 year is A$398m of euro medium-term notes maturing in June 2012 and A$59m of domestic commercial paper.

Debt overview

Corporate debt increased by A$650m due to:

– issuance of A$200m of four year domestic medium term notes in February
– issuance of A$600m of Lower Tier 2 subordinated debt in March as part of the AXA transaction
– AMP Bank A$200m loan repayment to Group Office in May
– offset by the repayment of A$350m senior debt maturity in May.

The interest expense on total corporate debt is effectively split approximately 60/40 between fixed and floating rate. At 30 June 2011, AMP had access to significant liquidity through a liquidity portfolio of approximately A$690m and undrawn bank facilities of A$500m.

AMP Bank debt

Historically, the securitisation of residential mortgage backed securities (RMBS) has been a significant source of funding and capital relief for AMP Bank. Securitisation funding is non-recourse to AMP Bank and AMP Group. AMP Bank completed a A$940m RMBS securitisation in May 2011.

During 1H 11 AMP Bank increased deposits, reduced NCDs and repaid a A$200m loan from Group Office. AMP Group continues to provide a guarantee covering AMP Bank's liabilities.

Group Office

A$m	1H 11	1H 10	2H 10	FY 10	% 1H/1H
Group Office costs	**(26)**	(20)	(20)	(40)	(30.0)
Underlying investment income on Group Office capital	**22**	21	23	44	4.8
Interest expense on corporate debt	**(39)**	(36)	(36)	(72)	(8.3)
AMP Limited tax loss recognition	**8**	8	8	16	-
Market adjustment - investment income	**(3)**	(8)	3	(5)	n/a
Market adjustment - annuity fair value	**16**	5	17	22	n/a
Market adjustment - risk products	**(1)**	10	(17)	(7)	n/a
Loan hedge revaluations	**-**	8	(7)	1	n/a
Other items	**(17)**	4	(6)	(2)	n/a
M&A transaction costs	**(34)**	(7)	(9)	(16)	n/a
AXA integration costs	**(36)**	-	-	-	n/a
Amortisation of AXA acquired intangible assets	**(22)**	-	-	-	n/a
Accounting mismatches	**(9)**	30	(8)	22	n/a
Interest expense summary					
Average volume of corporate debt	**1,315**	1,381	1,273	1,324	n/a
Weighted average cost of corporate debt[1]	**8.08%**	7.76%	8.12%	7.93%	n/a
Tax rate	**30%**	30%	30%	30%	n/a
Interest expense on corporate debt	**39**	36	36	72	n/a
Franking credits					
AMP dividend franking credits at face value at end of period[2]	**118**	112	123	123	n/a

1 Weighted average cost of corporate debt as at 30 June 2011 is 7.82% pa (post tax 5.47%).

2 Balance of franking account adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements. After franking the interim dividend (30%), the balance of franking credits will be A$64m.

Group Office costs not recovered from business units were A$26m in 1H 11, up from A$20m in 1H 10. 1H 11 Group Office costs include AXA corporate expenses (A$4m) for the period 31 March to 30 June 2011.

Underlying investment income on Group Office capital was A$22m in 1H 11, up A$1m from 1H 10.

1H 11 interest expense on corporate debt was A$39m, up from A$36m in 1H 10. Interest expense on corporate debt increased due to a higher weighted average cost of corporate debt. The weighted average cost of corporate debt in 1H 11 was 8.08%, compared to 7.76% in 1H 10. Interest expense on corporate debt includes A$9m of AXA related costs.

AMP Limited tax loss recognition

AMP Limited tax loss recognition relates to the gradual recoupment of carried forward tax losses. Recognition of the tax benefit is linked to overall AMP Group taxable earnings (both ordinary policyholder and shareholder) and the rate at which tax losses can be utilised. AMP expects to recognise a benefit from recouping these tax benefits over a number of years.

Following the merger with AXA, the tax utilisation rate will reduce. 2H 11 AMP Limited tax loss recognition is expected to be A$8m, unchanged from 1H 11. AMP Limited tax loss recognition in FY 12 is expected to be A$4m.

At 30 June 2011, the amount of carried forward tax losses to be recouped (in line with the growth in taxable earnings) was approximately A$118m.

Market adjustment - investment income

Market adjustment - investment income represents the excess (or shortfall) between the underlying investment income and actual return on shareholder assets invested in income producing assets. The 1H 11 investment income market adjustment was -A$3m (1H 10 -A$8m).

Market adjustment - annuity fair value

Market adjustment on annuities relates to the net impact of investment markets on AMP's annuity portfolio. AMP's annuity portfolio comprises fixed term and lifetime annuity products, with Australian fixed term liabilities of A$0.5b and Australian lifetime annuity liabilities of A$1.5b. The Australian annuity portfolio is managed on a matched basis, with fixed interest assets matched to expected annuity cash outflows. Equities are not used by AMP to match its Australian annuity book.

The assets that support AMP's Australian annuity book comprise a mixture of government bonds, semi-government bonds and corporate bonds. These assets are principally exposed to Australian credit markets. This mix is required to achieve the matching of assets to expected cash annuity outflows. Ultimately, the matching should remove any interest rate or reinvestment risk, but credit risk remains.

Accounting standards require fixed term liabilities and the assets that back them both to be valued consistently on a fair value basis.

Group Office cont'd

For lifetime annuities, accounting standards require the liabilities to be valued based on the risk-free rate of return and the assets valued on a fair value basis. Therefore, changes in credit spreads and the deterioration in the quality of individual assets can lead to timing differences.

As the assets are held to maturity, gains/losses due to changes in credit spreads or credit deterioration should reverse over time, to the extent that there are no asset defaults or restructurings.

Losses can also occur from defaults on individual assets. There were no asset defaults in 1H 11.

The assets that support AMP's annuity book comprise a mixture of government bonds and cash (7%), semi-government bonds (43%) and corporate bonds (50%). The average duration of the portfolio is six years. Corporate bond exposures are invested in AAA (26%), AA (35%), A (34%), BBB (4%) and CCC+ (1%).

Market adjustment - risk products

Market adjustment - risk products relates to the net impact of changes in market economic variables (bond yields and CPI) on the valuation of risk insurance liabilities. For AXA, this also includes the impact of changes in the market value of equities. Equities were removed from backing the asset allocation in June 2011 following the merger. Under Australian accounting standards, life insurance business is accounted for using Margin on Services (MoS).

Under MoS, the profits that are expected to be earned on life insurance contracts emerge over the life of the business as services are provided and income received. MoS involves projecting future cashflows (premiums, benefits and costs after allowing for inflation), and discounting future cashflows to their present value using the appropriate risk free discount rate. Changes to market related economic assumptions affect policy liabilities and current year profit. For information on changes in market economic variables in 1H 11, refer to pages 25 and 34 for MoS, refer to the Life Insurance Accounting note on AMP's website.

Loan hedge revaluations

A portion of AMP's corporate debt is denominated in foreign currency, predominantly Euro and Sterling. After taking into account hedging, AMP maintains a policy of holding 100% of its corporate debt as AUD denominated and between 40% and 60% at floating interest rates. AMP uses cross currency swaps and interest rate swaps to maintain within these policy guidelines.

Under Australian Accounting Standards, AMP is required to recognise the movements in fair value of debt, to the extent it is an effective fair value hedge relationship, and associated derivatives. This can give rise to an accounting gain or loss which will reverse over time.

Other items

1H 11 other items were -A$17m and principally comprise one-off and non-recurring costs. 1H 11 includes restructuring and redundancy costs not related to the AXA merger.

M&A transaction costs

1H 11 M&A transaction costs were A$34m and relate primarily to costs associated with the AXA merger and include legal, financing and investment banking costs. Transaction costs in relation to the AXA merger are not part of AMP's merger integration budget.

AXA integration costs

1H 11 AXA integration costs of A$36m relate to the integration of AXA following the merger on 30 March 2011. AMP expects total integration costs to be A$310m (post tax), up from A$285m. The increase in integration costs represents costs associated with capturing additional synergy opportunities. Synergies as a result of the merger with AXA have been increased from A$120m (post tax) to A$140m.

Amortisation of AXA acquired intangible assets

Following the merger on 30 March 2011, AMP recognised AXA Australia and New Zealand's net tangible assets of A$1.3b. The difference between the purchase consideration for AXA (net of the proceeds from the sale of AXA's Asian businesses) of A$4.3b and AXA Australia and New Zealand's net tangible assets represent AXA intangible assets (net of associated deferred tax liability) and goodwill. AXA intangible assets are required to be amortised over their expected useful life. Goodwill is not required to be amortised.

1H 11 amortisation of AXA acquired intangible assets was A$22m and represents the period 31 March to 30 June 2011. FY 11 amortisation of AXA acquired intangible assets is expected to be A$67m. On a full year basis following FY 11, amortisation is expected to be A$90m per annum.

Accounting mismatches

Under Australian Accounting Standards, some assets held on behalf of the policyholders (and related tax balances) are included in the accounts at different values to the value used in the calculation of policy liabilities in respect of the same asset. Movements in these policyholder assets flow through to shareholder profit. These differences have no impact on the true operational profits and losses of the Group.

Mismatch items that may impact the profit and loss account arise from policyholder interests in the following:

- treasury shares (AMP Limited shares held by the statutory funds on behalf of policyholders) (1H 11 A$10m)
- owner-occupied properties (1H 11 A$6m)
- life company statutory funds' investments in controlled entities (1H 11 -A$24m)
- AMP Life statutory funds' superannuation products invested with AMP Bank (1H 11 -A$1m).

Sensitivities - profit and capital

FY 11 profit sensitivities (A$m)

	Operating earnings										
	CWM	CWP	Mature	NZ	Total AFS	AXA	AMPCI	Group Office	Total	Investment income	Total
Investment market variables											
10% increase in Australian equities	7	-	4	-	11	5	2		**18**	8	**26**
10% decrease in Australian equities	(7)	-	(4)	-	(11)	(5)	(2)		**(18)**	(8)	**(26)**
10% increase in international equities	3	-	1	2	6	4	2		**12**	5	**17**
10% decrease in international equities	(3)	-	(1)	(2)	(6)	(4)	(2)		**(12)**	(5)	**(17)**
10% increase in property	2	-	2	1	5	1	1		**7**	20	**27**
10% decrease in property	(2)	-	(2)	(1)	(5)	(1)	(1)		**(7)**	(20)	**(27)**
1% (100 bps) increase in 10 year Australian bond yields	1	-	3	-	4	-	(1)		**3**	(9)	**(6)**
1% (100 bps) decrease in 10 year Australian bond yields	(1)	-	(3)	-	(4)	-	1		**(3)**	9	**6**
1% increase in cash rate	-	-	-	-	-	-	-		-	13	**13**
1% decrease in cash rate	-	-	-	-	-	-	-		-	(13)	**(13)**
Business variables											
AMP Financial Services											
5% increase in AUM	10	-	4	2	**16**						
5% increase in sales volumes	2	2	-	1	**5**						
1% increase in persistency	2	3	(2)	-	**3**						
AXA											
5% increase in AUM						**6**					
5% increase in sales volumes						**1**					
1% increase in persistency						**6**					
AMP Capital Investors											
5% increase in average external AUM							**6**				
5% increase in average internal AUM							**5**				
AMP Limited											
5% reduction in controllable costs	12	2	3	2	19	14	10	3	**46**		

The profit and capital sensitivities are only indicative, because:

- they are not always linear or symmetrical, because of the asymmetric nature of risks facing insurance companies, including the scope for policyholders to exercise options against the company or to benefit from guarantees
- they assume that the particular variable moves independently of all others
- they are based on the 1H 11 position, ie not "forward looking", and make no allowances for events subsequent to 30 June 2011
- in general, for profit sensitivities, they assume the movement occurs evenly over the year; for capital sensitivities, they assume the movement occurs at 30 June 2011.

Other assumptions include:

- parent company shareholders' equity is fully invested and there are no adjustments for investments which are outside index weightings
- currency movements in investments in self-sustaining operations do not impact profit
- sales sensitivity assumes the same product mix as in underlying sales during 1H 11
- investment income sensitivity is based on the amount of investments held at 30 June 2011
- all profit sensitivities shown are a full year impact
- property sensitivities relate to unlisted property; listed property trusts are included in equities
- bond yield sensitivities relate to both government and corporate bond yields for both Australian and international bonds
- profit sensitivities exclude the impact of movements in credit spreads in corporate and semi-government debt.

Important considerations when using these sensitivities

Profit sensitivities

The sensitivities set out above apply to FY 11 operating earnings and investment income, adjusted for a full year contribution from AXA, assuming the changes in a range of hypothetical economic or business variables.

Operating earnings - investment linked business

For investment linked business, fee income is largely based on the level of AUM, which in turn is directly impacted by investment markets.

For changes in economic variables which impact AUM levels, it is assumed that the change in the variable occurs evenly across the entire year. That is, the analysis is point to point, assuming the movement from one point (eg beginning of the year equity markets) to another point (eg end of the year equity markets) occurs evenly over the year. It is similar to assuming a one-off movement in the variable half way through the year. For large movements that do not occur half way through the year, the profit sensitivities need

Sensitivities - profit and capital cont'd

to be extrapolated. For example, a 10% increase/decrease in equity markets at the start of the year would have double the impact on FY 11 operating earnings than set out in the table above.

The sensitivities are based on the 1H 11 position and are not forward looking. If using the sensitivities as forward looking (eg applying 1H 11 profit sensitivities for FY 11 or FY 12), an allowance for changes in AUM levels should be made.

See page 10 (CWM), page 30 (AXA Australian wealth management) and page 36 (AMPCI) for average AUM levels that applied in 1H 11.

The AMPCI operating earning sensitivities assume no change to performance and transaction fees.

Operating earnings - risk insurance and annuity business

For risk insurance and annuity business, movements in economic variables (bond yields, CPI) impact to the extent that the valuation of assets and liabilities are mismatched. These impacts are included in market adjustment - annuity fair value and market adjustment - risk products and have no effect on BU operating earnings but are included in EV sensitivities.

Operating earnings - participating business

For participating business, profit margins are dependent on the level of future bonuses supported by both the value of available assets and the assumed future investment earnings (largely driven by prevailing bond yields). As the effect of movements in investment markets is absorbed by bonuses over a number of years, only a portion of the impact is recognised in the current reporting period and is allocated between policyholders and shareholders.

Investment income

The analysis is based on a point in time and indicates the impact a change in the variable would have on AMP's FY 11 total investment income (ie underlying investment income plus investment income market adjustment).

The cash rate sensitivities show the impact of changes in the cash rate on FY 11 total investment income. The impact assumes the change in the cash rate occurs evenly over the year.

The investment income sensitivities do not include any allowance for investment gains/losses on assets that back AMP's annuity book (refer to page 48 for details) or the impact of changes in economic variables (bond yields, CPI) on the valuation of risk insurance liabilities.

30 June 2011 capital sensitivities - regulatory capital resources above MRR (A$m)[1]		**AMP Life Statutory Funds**	**AXA**[2]	**AMP Group**[3]
Actual 30 June 2011 (ASX 200 @ 4,608; Australian bond yields @ 5.3%)		1,116	446	2,174
Equity sensitivity	– 20% increase (ASX 200 @ 5,530)	340	100	460
	– 10% increase (ASX 200 @ 5,069)	180	50	240
	– 10% decrease (ASX 200 @ 4,147)	(170)	(60)	(240)
	– 20% decrease (ASX 200 @ 3,686)	(330)	(120)	(470)
Bond yields sensitivity	– 1.0% increase (Australian bond yields @ 6.3%)	-	20	40
	– 0.5% increase (Australian bond yields @ 5.8%)	10	20	40
	– 0.5% decrease (Australian bond yields @ 4.8%)	(40)	(50)	(100)
	– 1.0% decrease (Australian bond yields @ 4.3%)	(70)	(110)	(200)
Property sensitivity	– 10% increase in unlisted property values	100	10	130
	– 10% decrease in unlisted property values	(110)	(10)	(140)

1 These sensitivities are a point in time view and do not make any allowance for management actions.

2 Includes NMLA (National Mutual Life Association), North, other AXA wealth management businesses and AXA employee defined benefit fund.

3 AMP Group sensitivities are AMP Life Statutory Funds sensitivities plus AXA sensitivities, plus the movement in Group shareholder capital held outside of the AMP Life Statutory Funds and AXA. This includes the effect on capital from AMP's defined benefit fund and investment gains/losses on shareholder funds.

AMP regulatory capital sensitivities - regulatory capital resources above MRR

The analysis is a point in time view of the capital impact of movements in equity markets, bond yields and property values on the 30 June 2011 capital position. The regulatory capital sensitivities make no allowance for management actions taken post 30 June 2011. The regulatory capital resources above MRR based on 30 June 2011 equity markets, bond yields and property values correspond to the disclosure in the capital management section (refer to page 44).

Regulatory capital requirements are met by a combination of both policyholder and shareholder assets.

Sensitivities include the profit/loss impact from changes in investment market variables on total shareholder funds. Changes in BU operating earnings are not reflected.

The capital sensitivities for AMP Life relate to the business within the AMP Life Statutory Funds. This includes guaranteed products (the majority of which are contained within the AFS mature business), risk insurance products and unit linked products.

The capital sensitivities for AXA includes NMLA (National Mutual Life Association), North, other AXA wealth management businesses and AXA employee defined benefit funds.

The property sensitivities relate to unlisted property. The impacts from movements in the value of listed property trusts are included in the equity sensitivities.

AMP actively manages both the asset mix and the associated capital. Market movements and trends are carefully monitored and adjustments made accordingly.

AMP's capital management framework includes market related trigger points at which management will take action to reduce the impact of market movements on AMP's capital position. The sensitivities contained in the table above do not make any allowance for these management actions, which can have a significant impact on MRR.

Accounting treatment and definitions

Accounting mismatches - Refer to page 49.

Controllable costs - Include operational and project costs and exclude variable costs, provision for bad and doubtful debts and interest on corporate debt.

Controllable costs to AUM - Calculated as controllable costs divided by average of monthly average AUM.

Corporate debt - Borrowings used to fund shareholder activities of the AMP Group including the impact of any cross-currency swaps entered into to convert the debt into A$, but excluding limited recourse debt in investment entities controlled by AMP Life policy holder funds and debt used to fund AMP Bank activities. Refer to page 47 for more detail.

Cost to income ratio - Calculated as controllable costs divided by gross margin. Gross margin is calculated as total operating earnings and underlying investment income before income tax plus controllable costs. An income tax rate of 30% has been used to gross up the Australian AFS and AXA numbers.

Discontinuance rates - The assumed future rates for voluntary discontinuance (lapse) of contracts for the purposes of determining embedded value. These rates vary by individual product or product groups and, where appropriate, by other factors such as duration in-force or age attained.

Dividend payout ratio - Calculated as dividend per share divided by EPS (underlying).

Embedded value - A calculation of the economic value of the shareholder capital in the business and the profits expected to emerge from the business in-force.

Employee defined benefit scheme - A scheme that provides a retirement benefit, usually based on salary and/or a pre determined formula for calculating that benefit. Unlike an accumulation scheme, the retirement benefit and method of calculation is known to the member at all times.

EPS (actual) - Calculated as net profit attributable to shareholders of AMP Limited divided by the basic weighted average number of ordinary shares. The weighted average number of ordinary shares has been adjusted to remove treasury shares.

EPS (underlying) - Calculated as underlying profit divided by the basic weighted average number of ordinary shares.

External AUM (AMPCI) - Assets managed by AMPCI, sourced from institutional clients (including corporate, public sector and industry superannuation funds, and large non-superannuation funds), non-AMP dealer groups, private clients and international clients and partnerships.

Full-time equivalent (FTE) - A measure of the total level of staff resources used. The FTE of a full-time staff member is equal to 1.0. The calculation of FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff.

Group risk API - Contractual annual premium payable on all in-force group risk policies.

Individual risk API - Contractual annual premium payable on all in-force individual risk policies.

Individual risk lapse rate - Calculated as annualised voluntary cancellations as a percentage of average annual premium in-force prior to cancellations. Policies expiring due to maturities, death or disablement are excluded from the calculation.

Intangibles - Represents acquired goodwill, acquired identifiable intangibles on merger with AXA, acquired asset management mandates and capitalised costs.

Interest cover (actual) - Calculated on a rolling 12 month after tax basis as net profit attributable to shareholders of AMP Limited before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Interest cover (underlying) - Calculated on a rolling 12 month after tax basis as underlying profit before interest expense on corporate debt for the year divided by interest expense on corporate debt for the same period.

Internal AUM (AMPCI) - Assets managed by AMPCI sourced from AFS and Group Office. There were no material assets sourced from AXA as at 30 June 2011.

Investment performance (AMPCI) - The percentage of AUM meeting or exceeding their benchmarks.

Loan hedge revaluations - Refer to page 49.

Market adjustment - annuity fair value - Refer to page 48.

Market adjustment - investment income - The excess (or shortfall) between the underlying investment income and actual return on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets).

Market adjustment - risk products - Refer to page 49.

Minimum regulatory capital requirements - Refer to page 45.

Net seed pool income (AMPCI) - Income on seed pool assets, including normal valuation movements and net profit/loss on sales, offset by funding costs.

Accounting treatment and definitions cont'd

Operating earnings - Represent shareholder attributable profits or losses that relate to the performance of the BU. The principles of life insurance accounting are used in reporting the results of AFS and AXA. Operating earnings exclude investment earnings on shareholder capital and one-off items.

Persistency - Calculated as opening AUM less outflows during the period divided by opening AUM. AFS AUM numbers are adjusted to exclude shareholder amounts so as to reflect product AUM levels. AFS total, CWM total and AXA total outflows are adjusted to exclude major internal flows so as to reflect external outflows only.

Return on embedded value - Calculated as the increase in embedded value in the period before transfers, divided by embedded value at the beginning of the period.

RoBUE - Return on BU equity is calculated as BU underlying operating profit after income tax (including underlying investment income) over the BU's average monthly tangible capital resources. No allowance is made for the benefit of gearing, which occurs at the Group level.

RoE (actual) - Calculated as annualised net profit attributable to shareholders of AMP Limited divided by average of monthly average shareholder equity for the period.

RoE (underlying) - Calculated as annualised underlying profit divided by average of monthly average shareholder equity for the period.

S&P gearing - Senior debt plus non-allowable hybrids divided by Economic Capital Available plus hybrids plus senior debt. Economic Capital Available is as defined by Standard & Poor's and includes AMP shareholders' equity (including goodwill and acquired AXA intangibles but excluding acquired assets management mandates and capitalised costs) and 100% of future AMP Life shareholder profits.

Tier 1 capital - Comprises the highest quality components of capital that fully satisfy all of the following essential characteristics:
(a) provide a permanent and unrestricted commitment of funds
(b) are freely available to absorb losses
(c) do not impose any unavoidable servicing charge against earnings, and
(d) rank behind the claims of depositors, policyholders and other creditors in the event of winding-up.

Tier 2 capital - Includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an entity as a going concern.

It is divided into:
(a) Upper Tier 2 capital - Comprising components of capital that are essentially permanent in nature, including some forms of hybrid capital instrument, and
(b) Lower Tier 2 capital - Comprising components of capital that are not permanent, ie dated or limited life instruments.

Total capital resources - Total capital invested in BUs and Group Office including both tangible and intangible capital.

Underlying investment income - The investment income on shareholder assets invested in income producing investment assets (as opposed to income producing operating assets) attributed to the BUs (including Group Office) has been normalised in order to bring greater clarity to the results by eliminating the impact of short term market volatility on underlying performance. The excess (or shortfall) between the underlying return and the actual return is disclosed separately as market adjustment - investment income. Underlying returns are set based on long term expected returns for each asset class. The return on AMP Bank income producing investment assets is included in contemporary wealth management operating earnings.

Underlying profit - AMP's key measure of business profitability, as it smooths investment market volatility stemming from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of the AMP Group.

The components of underlying profit are listed on page 3.

Value of new business - A calculation of the economic value of the profits expected to emerge from the new business written over a particular period, net of the cost of providing supporting capital.

Value of risk new business - Value of new business for AFS contemporary wealth protection, AXA Australian financial protection and AFS and AXA New Zealand risk business.

Variable costs - Include costs that vary directly with the level of related business (eg planner fees, investment management fees and banking securitisation and commissions).

Definitions of business units (BUs) and exchange rates

AMP

AMP Financial Services, AXA, AMP Capital Investors and Group Office.

AMP Financial Services

AMP Financial Services provides a range of products and services to customers in Australia and New Zealand. These products and services are primarily distributed through self-employed financial planners and advisers aligned with AMP Financial Services.

AMP Financial Services is reported as four separate divisions:

- Contemporary wealth management (CWM) - Financial planning services, unit linked superannuation, retirement income and managed investment products business. Superannuation products include personal and employer sponsored plans. CWM includes AMP Bank, which is a direct Australian bank offering residential mortgages, deposits, transactional banking and white-labelled credit cards.
- Contemporary wealth protection (CWP) - Includes personal and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of a superannuation contract.
- Mature - A closed business comprising over 40 closed products which are in run-off and one open product (ERF). Closed products include whole of life, endowment, investment linked, investment account, RSA and annuities.
- AMP Financial Services New Zealand (AFS NZ) - a risk insurance business and mature book with a growing KiwiSaver, unit-linked superannuation and investment business.

AXA

On 30 March 2011, AMP merged with AXA Asia Pacific Holdings Limited Australian and New Zealand businesses (AXA). AXA Australia and New Zealand provides a range of products and services to customers in Australia and New Zealand. These products are distributed through self-employed financial planners and advisers aligned with AXA and IFAs.

Financial results for AXA are currently reported as four separate divisions:

- Australian wealth management - Financial planning services (including owned advice businesses), platform administration, unit linked superannuation, retirement income and managed investment products business. Australian wealth management includes retail and wholesale unit trusts through National Mutual Funds Management and ipac investment services, an asset manager which provides portfolio management services to institutional clients. Australian wealth management includes the North product and platform.
- Australian financial protection - Includes personal and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently of a superannuation contract.
- Australian mature - Includes personal and employer superannuation, insurance bonds, guaranteed savings account and traditional participating products sold by the life company. Some products in Australian mature are closed to new business.
- New Zealand - A risk insurance business with a growing retail wealth management business and a small traditional participating business. AXA New Zealand includes financial planning services, retirement savings, retail unit trusts and other investment products. This includes wholesale unit trusts through AXA Global Investors, an asset manager which provides portfolio management services to institutional clients.

AMP intends to integrate AXA into AMP Financial Services and AMP Capital Investors. The AXA segments do not align to the AFS divisions.

AMP Capital Investors

AMP Capital Investors is AMP's wholly-owned diversified investment manager. It manages investments across all the major asset classes including equities, fixed interest, infrastructure, property, diversified funds and multi-manager funds. AMP Capital Investors also provides commercial, industrial and retail property management services. It provides investment management services through in-house investment professionals and a carefully selected global network of investment partners.

In addition to its well established reputation in Australia and New Zealand, AMP Capital Investors has a strong and growing international presence with offices in Beijing, London, Mumbai, Singapore, Tokyo, New York and Bahrain, allowing it to source competitive offshore opportunities.

Group Office

Group Office comprises:

- Group Office operations including AXA group functions.
- Corporate debt.

Exchange rates			AUD/NZD
2011	1H 11	– closing	1.2963
		– average	1.3229
2010	FY 10	– closing	1.3122
		– average	1.2723
	2H 10	– closing	1.3122
		– average	1.2783
	1H 10	– closing	1.2283
		– average	1.2601

1H 11 financial results

Analysis of operating results (A$m)	AMP Financial Services	AXA[1]	AMP Capital Investors	Group Office	Total
BU operating earnings	329	59	41	-	**429**
Group Office costs	-	(4)	-	(22)	**(26)**
Total operating earnings	329	55	41	(22)	**403**
Underlying investment income	44	15	2	22	**83**
Interest expense on corporate debt	-	(9)	-	(30)	**(39)**
AMP Limited tax loss recognition	-	-	-	8	**8**
Underlying profit	373	61	43	(22)	**455**
Market adjustment - investment income	-	-	-	(3)	**(3)**
Market adjustment - annuity fair value	-	-	-	16	**16**
Market adjustment - risk products	-	-	-	(1)	**(1)**
Loan hedge revaluations	-	-	-	-	**-**
Other items	-	-	-	(17)	**(17)**
Profit after income tax before AXA merger adjustments and accounting mismatches	373	61	43	(27)	**450**
M&A transaction costs	-	-	-	(34)	**(34)**
AXA ANZ integration costs	-	-	-	(36)	**(36)**
Amortisation of AXA acquired intangible assets	-	-	-	(22)	**(22)**
Accounting mismatches	-	-	-	(9)	**(9)**
Net profit attributable to shareholders of AMP Limited	373	61	43	(128)	**349**

1. Includes costs held in Group Office and merger related interest expense on corporate debt.

Total capital resources by equity class (A$m)	30 June 2011	31 December 2010
Contributed equity	**8,870**	5,051
Equity contribution reserve	**1,019**	1,019
Other reserves	**9**	1
Retained earnings	**453**	452
Demerger loss reserve	**(3,585)**	(3,585)
Total AMP statutory equity attributable to shareholders	**6,766**	2,938
Accounting mismatches and cashflow hedge reserve	**225**	108
Total AMP shareholder equity	**6,991**	3,046
Corporate debt	**1,536**	886
Total capital resources	**8,527**	3,932

Independent review statement

Independent review report of selected information contained in the AMP Limited Investor Report to management of AMP Limited for the half year ended 30 June 2011

To management of AMP Limited

Management's responsibility for the Investor Report

Management is responsible for the preparation of the Investor Report including pages 25, 34 and 55 for the half year ended 30 June 2011 and has determined that the accounting, presentation and disclosure criteria used are appropriate to the needs of the members of AMP Limited. Management is also responsible for such internal controls as Management determines are necessary to enable the preparation of the 30 June 2011 Investor Report is free from material misstatement, whether due to fraud or error.

Our responsibility and use of our report

Our responsibility is to express a conclusion on selected information in the 30 June 2011 Investor Report based on our review. We have conducted our review in accordance with Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report in order to state whether, on the basis of the procedures described below under 'Embedded Value' and 'Analysis of Operating Results', anything has come to our attention that causes us to believe that:

- the embedded value assumptions as stated on pages 25 and 34 are not reasonable for their intended purpose in all material respects; and
- the financial results on page 55 of the 30 June 2011 Investor Report are not consistent with the definitions of operating earnings, underlying investment income and total capital resources set out on pages 52 and 53 in all material respects.

[ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.]

Embedded Value

Our review was limited to the review of AMP Limited's documentation to support the embedded value assumptions, inquiries of AMP Limited's personnel and analytical procedures applied to financial data used by management to derive the embedded value assumptions. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Analysis of Operating Results

Our review was limited to review of the reconciliation of financial information to the Financial Report of AMP Limited, review of the determination of the operating earnings, underlying investment income and total capital resources in accordance with the definitions set out on page 52 and 53, inquiries of AMP Limited's personnel and analytical procedures applied to the financial data. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We disclaim any assumption of responsibility for any reliance on this review report to any person other than management of AMP Limited in their capacity as management of AMP Limited.

Conclusion

Embedded Value

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the embedded value assumptions as stated on page 25 and 34 are not reasonable for their intended purpose in all material respects.

Analysis of Operating Results

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial results on page 55 of the 30 June 2011 Investor Report are not prepared in all material respects in accordance with the definitions of operating earnings, underlying investment income and total capital resources set out on pages 52 and 53.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Ernst & Young

Sydney
17 August 2011
Ernst & Young

Information for shareholders

5 September 2011	Ex-dividend date for interim 2011 dividend (Australia)
7 September 2011	Ex-dividend date for interim 2011 dividend (New Zealand)
9 September 2011	Record date for interim 2011 dividend
12 September - 16 September 2011	Pricing period for DRP
14 October 2011	2011 interim dividend payment date
27 October 2011	Third quarter 2011 cashflow release
16 February 2012	FY 11 results announced
27 February 2012	Ex-dividend date for final 2011 dividend (Australia)
29 February 2012	Ex-dividend date for final 2011 dividend (New Zealand)
2 March 2012	Record date for final 2011 dividend
5 April 2012	2011 final dividend payment date
10 May 2012	Annual General Meeting (Melbourne)

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Website

For additional 2011 half year results information, visit AMP's website at
www.amp.com.au/shareholdercentre

You will find:

- Background information on AMP, business units, management and policies.
- Statutory reporting at the AMP Limited level (incorporating shareholder, policyholder and unattributed interests).
- Archived webcasts of presentations to investors and analysts.
- Archived ASX announcements and historical information.
- Definitions, details of assumptions and calculations of key ratios.

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