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ASX Market Announcements
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AMP Limited (ASX/NZX: AMP)
(also for release to AMP Group Finance Services Limited (ASX: AQNHA & NZX: AQN010))

Half Year Financial Results

RESULTS FOR ANNOUNCEMENT TO THE MARKET

- Part One: **Appendix 4D** 
- Part Two: AMP reports A\$393 million net profit 1H 13
- Part Three: Investor Presentation
- Part Four: Investor Report
- Part Five: Directors' Report and Financial Report

AMP Limited

ABN 49 079 354 519

ASX Appendix 4D for the Half Year Ended 30 June 2013

The information contained in this document should be read in conjunction with the AMP Limited Directors' Report and Financial Report for the half year ended 30 June 2013 and the AMP Limited Annual Report for the year ended 31 December 2012 and any public announcements made by AMP Limited and its controlled entities during the half year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the ASX Listing Rules.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 Jun 2013 \$m	Restated ² 30 Jun 2012 \$m	% movement
Financial results			
Revenue from ordinary activities ¹	9,081	7,301	24%
Profit from ordinary activities after tax attributable to members	393	373	6%
Net profit for the period attributable to members	393	373	6%

	Amount per security (cents)	Franked amount per security (cents)
Dividends		
Interim dividend (franked to 70% at a tax rate of 30%)		
- Interim dividend	11.50	8.05

The record date to determine entitlements to the interim dividend 6 Sept 2013

The date the interim dividend is payable 11 Oct 2013

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

	30 Jun 2013 \$	Restated ² 30 Jun 2012 \$
Net tangible assets per ordinary share		
Net tangible assets per ordinary share	1.18	0.97

Notes

- Revenue from ordinary activities includes amounts attributable to shareholders, policyholders and external unitholders. The amount is the aggregate of premium and related revenue of \$1,103m (2012: \$1,068m), fee revenue of \$1,166m (2012: \$1,108m), other revenue of \$317m (2012: \$348m), net investment gains of \$6,488m (2012: \$4,775m gain) and share of profit or (loss) of associates accounted for using the equity method \$7m (2012: \$2m).
- As set out in note 1(a) of the half year financial report, AMP adopted AASB 10 *Consolidated Financial Statements* and the revised AASB 119 *Employee Benefits* from 1 January 2013. Comparatives have been restated retrospectively.

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For the half year ended 30 June 2013

COMMENTARY

AMP is Australia and New Zealand's leading independent wealth management company. It has a retail banking business in Australia and a growing international investment management business. It provides financial advice, products and services and investment opportunities to help people and organisations build financial security.

The company serves five million customers in Australia and New Zealand. It also serves clients in Asia, Europe, the Middle East and North America. AMP has around 5,700 employees, around 865,000 shareholders and \$179 billion of assets under management.

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, as well as through extensive relationships with independent financial advisers.

AMP Financial Services is reported as four separate divisions:

- *Australian Wealth Management* provides customers with superannuation, retirement income, investment and banking products, SMSF administration and financial planning services (through aligned and owned advice businesses).
- *Australian Wealth Protection* comprises individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.
- *Australian Mature* largely comprises products which are managed but no longer sold. Mature products include whole of life, endowment, investment linked, investment account, retirement savings account, eligible rollover fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts. 73 per cent of the mature products are capital guaranteed and 27 per cent are market-linked products.
- *AMP Financial Services New Zealand* provides tailored financial products and solutions to New Zealanders through a network of financial advisers. AFS NZ's risk business is the second largest by market share and is complemented by a growing wealth management business.

AMP Capital

AMP Capital is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds. AMP Capital also provides commercial, industrial and retail property management services. Since 1 March 2012, Mitsubishi UFJ Trust and Banking Corporation (MUTB) has held a 15 per cent ownership interest in AMP Capital.

Review of operations and results

AMP's profit attributable to shareholders of AMP Limited for the half year ended 30 June 2013 was \$393 million (1H12: \$373 million).

Basic earnings per share for the half year ended 30 June 2013 on a statutory basis was 13.6 cents per share (1H12: 13.2 cents per share).

Underlying profit is the basis on which the board determines the dividend payment. It is AMP's preferred measure of profitability as it smooths investment market volatility from shareholder assets invested in investment markets and aims to reflect the trends in the underlying business performance of AMP group. AMP's underlying profit for the half year ended 30 June 2013 was \$440 million (1H12: \$488 million). On an underlying basis, earnings were 15.0 cents per share (1H12: 17.0 cents per share).

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For the half year ended 30 June 2013

AMP's key performance measures were as follows:

	1H13	2H12	1H12
Underlying profit	\$440m	\$462m	\$488m
Cost to income ratio	48.6%	48.6%	46.5%
Growth measures			
AFS net cashflows	\$862m	\$421m	(\$113m)
AMP Capital external net cashflows	(\$2,070m)	(\$439m)	(\$1,345m)
AFS value of risk new business	\$69m	\$91m	\$112m
Underlying return on equity	11.2%	12.1%	13.4%

Underlying return on equity reduced 2.2 percentage points to 11.2 per cent in 1H13 from 13.4 in 1H12, reflecting higher capital held, Australian wealth protection experience losses and lower underlying investment income.

Differences between underlying profit and statutory profit

The 30 June 2013 underlying profit of \$440 million excludes the impact (net of any tax effect) of:

- net loss from one-off and non-recurring items of \$5 million
- AXA integration costs of \$31 million
- amortisation of AXA acquired intangible assets of \$47 million
- market adjustment gains of \$18 million, and
- accounting mismatch profit of \$18 million.

A reconciliation between underlying profit and statutory profit is provided in note 2 of the financial report.

Under Australian Accounting Standards, some assets held on behalf of policyholders (and related tax balances) are recognised in the financial report at different values to the values used in the calculation of the liability to policyholders in respect of the same assets. Therefore, movements in these policyholder assets result in accounting mismatches which impact profit attributable to shareholders. These differences have no impact on the operating earnings of the group.

The accounting mismatches arise from policyholder interests in the following:

- treasury shares (mostly AMP Limited shares held by the statutory funds on behalf of policyholders) – profit of \$11 million created by falls in the AMP share price (1H12: \$4 million profit)
- owner-occupied properties – loss of \$2 million (1H12: \$1 million loss)
- investments in controlled entities – profit of \$19 million (1H12: \$8 million loss)
- superannuation products invested with AMP Bank – loss of \$10 million (1H12: \$5 million loss).

The operating results of each of the business segments were as follows:

- *Australian Wealth Management* – Operating earnings increased by \$32 million (20 per cent) to \$196 million in 1H13 from \$164 million in 1H12. The increase in operating earnings was due to: stronger net cashflows and improved investment markets leading to a 12 per cent growth in average assets under management; higher net interest margin in AMP Bank, and continued cost focus including the realisation of cost synergies.
- *Australian Wealth Protection* – Operating earnings decreased \$70 million (52 per cent) to \$64 million in 1H13 from \$134 million in 1H12 on worsening claims and lapse experience. Operating earnings increased \$8 million from 2H12.
- *Australian Mature* – Operating earnings increased by \$9 million (12 per cent) to \$85 million in 1H13 from \$76 million in 1H12. Operating earnings benefited from higher investment markets, lower controllable costs and new business offset by expected portfolio run off and experience.
- *AMP Financial Services New Zealand* – Operating earnings increased by \$8 million (21 per cent) to \$46 million in 1H13 from \$38 million in 1H12 primarily as a result of strong growth in profit margins, whilst experience profits remained steady compared to 1H12.

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- *AMP Capital* – Operating earnings before minority interests increased by \$9 million (18 per cent) to \$60 million in 1H13 from \$51 million in 1H12. Operating earnings increased as a result of both growth in revenues driven by strong market performance and a continued focus on cost efficiency. This was partly offset by lower performance fees and a higher effective tax rate.

Capital management

Equity and reserves of the AMP group attributable to shareholders of AMP Limited increased to \$7.85 billion at 30 June 2013 from \$7.51 billion at 31 December 2012. This increase was due to profits, other comprehensive income and additional share capital issued under the dividend reinvestment plan less dividends paid.

AMP remains well capitalised, with \$1.70 billion in shareholder regulatory capital resources above minimum regulatory requirements at 30 June 2013 (\$1.37 billion at 31 December 2012 after allowing for the reduction in surplus due to LAGIC of \$272m).

AMP continues to actively manage its capital position in light of continuing market volatility and regulatory changes.

AMP has declared an interim dividend of 11.5 cents per share, franked to 70 per cent. The dividend payout ratio is 77 per cent of underlying profit for the half year ended 30 June 2013. AMP's dividend policy is to pay out 70–80 per cent of underlying profit, franked to the maximum extent possible.

AMP continues to offer a dividend reinvestment plan (DRP) to eligible shareholders. For the purpose of the interim 2013 dividend, no discount will apply to determine the DRP allocation price. The DRP will not be underwritten and new shares will be issued.

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DETAILS OF MOVEMENTS IN CONTROLLED ENTITIES

Changes in controlled entities comprise entities acquired and disposed through (a) activities in respect of investment entities controlled by the AMP life insurance entities' statutory funds and (b) purchase, sale, formation, and deregistration of minor operating controlled entities. There has been no material contribution to the profit of AMP group from entities acquired and disposed of during the half year.

Changes in controlled entities during the half year ended 30 June 2013

Name of entity	Date control	
	gained over entity	lost over entity
AAPH GESP Exempt (Australia) Pty Ltd		28-May-13
AAPH New Zealand HJV Limited		1-Jan-13
AFS International Fixed Interest Enhanced Index Fund	26-Apr-13	
AFS Property Enhanced Index Fund	26-Apr-13	
AMP Capital Investments No 11 Limited		22-Jan-13
AMP Capital Investors (IDF II GP) S.à.r.l.	28-Feb-13	
AMP Capital Shell Fund 1		30-Jun-13
AMP Superannuation (NZ) Limited		2-Apr-13
AXA APH GESP Deferred (Australia) Pty Ltd		28-May-13
AXA Funds Management Pty Ltd		28-May-13
Commercial Loan Pool No. 1		30-Jun-13
Future Directors Emerging Markets Share Fund		30-Jun-13
National Fire Holdings Pty Limited		1-May-13
One Group Retail Holdings Pty Limited		21-Feb-13
Quantum Financial Solutions Limited		1-Jan-13
S.G. Holdings Limited		10-Jun-13
SG (Aust) Holdings Pty Ltd		28-May-13
Wholesale Global Equity - Growth Fund		30-Jun-13
Wholesale Global Equity - Growth Fund (Hedged)		18-Jun-13
Wholesale Global Equity - Value Fund (Hedged)		18-Jun-13
Wholesale Unit Trusts NZ Shares Fund		30-Jun-13

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DETAILS OF INVESTMENTS IN ASSOCIATED ENTITIES AND JOINT VENTURE ENTITIES

The majority of investment assets held by AMP are in the Australian life insurance statutory funds and measured at fair value through profit or loss. At any one time, the life insurance statutory funds hold investments in various vehicles, including associated entities, on behalf of policyholders. These investments are not part of the core wealth management business of AMP and did not have a material impact on the financial performance of the company. Investments in other associated entities which are accounted for using the equity method comprise a number of minor operating entities.

Significant associates and joint ventures of the Group as at 30 June 2013

	Ownership Interest	
	30 Jun 2013	31 Dec 2012
	%	%
AIMS AMP Capital Industrial REIT	4	5
AIMS AMP Capital Property Management Ltd	50	50
AIMS AMP Capital REIT Management Ltd	50	50
All Financial Services	49	49
AMP Capital Global Property Securities Fund	39	36
AMP Capital NZ Shares Fund	22	23
AMP Capital Pacific Fair and Macquarie Shopping Centre Fund	26	26
AMP Capital Property Portfolio	43	40
AMP Capital Shares NZ Index Fund	37	38
AMP Capital Shopping Centre Fund	33	34
AMP Capital Strategic NZ Shares Fund	35	28
AMP Capital Equity Fund	42	42
Australian Financial Risk Management	40	40
Darling Park Property Trust	50	50
Esplanade Property Trust	50	50
Future Directions Emerging Fund	44	-
Gove Aluminium Finance	30	30
ipac Specialist Investment Strategies - Alternative Income Strategy No.1	28	26
ipac Specialist Investment Strategies - Australian Cash Strategy No 1	-	21
ipac Specialist Investment Strategies - Global Emerging Markets Strategy No.1	27	24
ipac Specialist Investment Strategies - International Fixed Interest Strategy No.2	26	25
ipac Specialist Investment Strategies - International Share Strategy No.2	25	23
ipac Specialist Investment Strategies - Listed Global Infrastructure	27	22
ipac Specialist Investment Strategies - Australian Share Strategy No.1	26	24
Listed Property Trusts Fund	30	31
Marrickville Metro Trust	50	50
Property Income Fund	29	30
PSK Financial Services Pty Ltd	24	24
Rare Infrastructure Value Fund	20	-
Responsible Investments Leader Balanced Fund	41	44
Schroder Fixed Income Fund	24	24
Sugarland Shopping Centre Trust	50	50
Super IQ Pty Limited	49	49
Treysta Wealth Management Pty Ltd	41	41
Value Plus Australia Share Fund	28	23