

INTERACTIVE INVESTOR LIMITED

(Company Registration Number: 3824695)

REPORT AND ACCOUNTS

31 DECEMBER 2002



INTERACTIVE INVESTOR LIMITED

REPORT AND ACCOUNTS 2002

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Registered Office:

142 Holborn
London
EC1N 2NQ

Company Registration No: 3824695

INTERACTIVE INVESTOR LIMITED

BOARD OF DIRECTORS

B J Meehan
Director

P J Mullins
Director

Company Secretary
G A Watson

INTERACTIVE INVESTOR LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting the Report and Accounts of Interactive Investor Limited ("the Company") for the fifteen month period ended 31 December 2002.

ELECTIVE RESOLUTIONS

The Company has passed elective resolutions under the Companies Act 1985 to dispense with the laying of accounts and reports before general meetings, to dispense with the holding of annual general meetings, and to dispense with the annual appointment of auditors.

PRINCIPAL ACTIVITY AND FUTURE DEVELOPMENTS

The principal activity of the Company is that of an investment company. This will continue to be the principal activity for the foreseeable future.

The principal activities of the group are to provide individuals with the services they need to identify, compare, monitor and, where appropriate, buy and sell online, a wide variety of financial products and services at every stage of their financial lives.

BUSINESS REVIEW

Full details of the results for the period are set out in the Company accounts and the related notes on pages 6 to 12.

On 29 November 2001, AMP (UK) Investment Services Limited, a subsidiary of the Company, transferred its business and the majority of its assets to AMP Interactive Investor Limited. AMP Interactive Investor Limited is the immediate parent undertaking of the Company.

As a result of the Interactive Corporate re-organisation on 29th November 2001 the Company subscribed for 3,620,000,000 ordinary shares of £0.01 each in AMP (UK) Investment Services Limited (see note 8). On the same day the Company made a £44.6m loan to AMP (UK) Investment Services 2 Limited (See Note 9).

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2001: £nil).

DIRECTORS AND THEIR INTERESTS

The names as at the date of this report are set out on page 2. Additional information in relation to changes in directors is as follows:

C D Meller	Resigned 19 April 2002
T C Wade	Resigned 16 May 2002
I Ackerley	Appointed 07 August 2002; resigned 24 January 2003
P J Mullins	Appointed 07 August 2002
J E Varley	Resigned 04 November 2002
T A Fraser	Resigned 03 December 2002

There are no directors' interests requiring disclosure under the Companies Act 1985.

By order of the Board of Directors



G A Watson
Secretary

= April 2003

INTERACTIVE INVESTOR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERACTIVE INVESTOR LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERACTIVE INVESTOR LIMITED

We have audited the Company's financial statements for the period ended 31 December 2002 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 December 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor

2 April 2003

Rolls House
7 Rolls Building
Fetter Lane
London
EC4A 1NH

INTERACTIVE INVESTOR LIMITED

PROFIT AND LOSS ACCOUNT

for the 15 month period ended 31 December 2002

	Notes	15 month period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Income from loans in group undertakings		2,476	-
Interest receivable and similar income	3	276	553
Amounts written off investments		(27,522)	-
Administration expenses		-	64
Other charges	9	(2,476)	-
Profit/(loss) on ordinary activities before taxation		(27,246)	617
Tax on profit/(loss) on ordinary activities	7	(844)	(148)
Retained profit/(loss) for the financial year	13	(28,090)	469

All activities relate to continuing operations.

Statement of total recognised gains and losses:

There are no recognised gains or losses for 2002 or 2001 other than the profit/(loss) on ordinary activities shown above.

INTERACTIVE INVESTOR LIMITED

BALANCE SHEET

31 December 2002

	Notes	31 December 2002 £'000	30 September 2001 £'000
Fixed assets:			
Investments	8	9,798	1,120
Current assets:			
Loans	9	44,390	-
Debtors	10	3,262	35,472
Cash at bank and in hand		-	48,270
		47,652	83,742
Creditors: amounts falling due within one year	11	(826)	(148)
Net current assets/(liabilities)		46,826	83,594
Net assets/(liabilities)		56,624	84,714
Capital and reserves:			
Called up share capital	12	1,739	1,739
Share premium account	13	82,458	82,458
Warrant reserve	13	48	48
Profit and loss account	13	(27,621)	469
Shareholders' funds attributable to equity interests	13	56,624	84,714

The accounts were approved by the Board of Directors on 2 April 2003 and signed on its behalf by:



Director

INTERACTIVE INVESTOR LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

a) *Basis of presentation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The accounts present information about the Company as an individual undertaking as it is exempt from the obligation to prepare group accounts under Section 228 of the Companies Act 1985.

b) *Investments*

Investments consist of investments in subsidiary undertakings which are included at cost, less any provision for impairment where circumstances indicate that the carrying value may not be recoverable.

c) *Cash flow statement*

The Company has taken advantage of the exemption given by FRS 1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 15 on the accounts.

d) *Taxation*

Deferred tax assets and liabilities are recognised in accordance with the provisions of FRS 19, issued in December 2000. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax on changes in the fair value of investments is recognised in the profit and loss account. Deferred tax assets are recognised to the extent that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. AUDITORS' REMUNERATION

The remuneration of the auditors for 2002 in respect of audit services was £2,750 (2001: £2,500), including value added tax. This remuneration has been paid by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	15 month period ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Bank interest	276	553

4. EMPLOYEE INFORMATION

The company has no employees. Staff were provided by AMP (UK) Services Limited.

5. DIRECTORS' EMOLUMENTS

No directors' fees were paid by the company during the year (2001:£nil).

6. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

INTERACTIVE INVESTOR LIMITED

NOTES ON THE ACCOUNTS (continued)

7. TAXATION

a) Tax charge	15 months ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Charge for taxation:		
United Kingdom taxation:		
Corporation Tax:		
On Profit/(loss) for the period	826	148
Adjustment for previous years	18	-
	<hr/>	<hr/>
Total Current Tax	844	148
	<hr/>	<hr/>

After taking into account of reliefs to which the company is entitled, provision for UK corporation tax on profits has been made at the rate of 30% (2001: 30%)

b) Factors affecting tax charge for period

The tax assessed in the period is higher than the standard rate of corporation tax in the UK and the differences are explained below:

The standard rate of tax has been determined by using the UK rate enacted for the period for which profits will be taxed.

	15 months ended 31 December 2002 £'000	Year ended 30 September 2001 £'000
Profit/(loss) on ordinary activities before tax.	(27,246)	617
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(8,174)	185
Effects of:		
Adjustments to tax charge in prior years	18	-
Permanent differences	9,000	(37)
	<hr/>	<hr/>
Current tax charge for the period	844	148
	<hr/>	<hr/>

c) Deferred Tax

If the investments were sold at net book value, there would be no tax recoverable or payable.

INTERACTIVE INVESTOR LIMITED

NOTES ON THE ACCOUNTS (continued)

8. INVESTMENTS

	31 December 2002 £'000	30 September 2001 £'000
Investments in subsidiary undertakings:		
Cost		
AMP (UK) Investment Services Limited	1,120	1,120
Additions		
AMP (UK) Investment Services Limited	36,200	
At 31 December	37,320	1,120
Provision for impairment		
Charge during period ended 31 December	(27,522)	-
Net Book Value at 31 December	9,798	1,120

On 29 November 2001, AMP (UK) Investment Services Limited, a subsidiary of the Company, transferred its business and the majority of its assets to AMP Interactive Investor Limited. AMP Interactive Investor Limited is the immediate parent undertaking of the Company.

As a result of the Interactive Corporate re-organisation on 29th November 2001 the Company subscribed for 3,620,000,000 ordinary shares of £0.01 each in AMP (UK) Investment Services Limited. On the same day the Company made a £44.6m loan to AMP (UK) Investment Services 2 Limited (See Note 9).

9. LOANS

	31 December 2002 £'000	30 September 2001 £'000
Amounts owed by group undertakings		
Payable as follows:		
Within one year or on demand	44,390	-
	44,390	-

The loan to AMP (UK) Investment Services 2 Limited is repayable on demand. Interest accrues at a rate equivalent to LIBOR plus 1%. The loan is guaranteed by Pearl assurance plc, the immediate parent of AMP (UK) Investment Services 2 Limited.

10. DEBTORS

	31 December 2002 £'000	30 September 2001 £'000
Amounts owed by group undertakings	5,738	35,312
Trade Debtors	-	-
Other debtors	-	160
Corporation tax recoverable	-	-
Provision against amounts owed by group undertakings	(2,476)	-
	3,262	35,472

INTERACTIVE INVESTOR LIMITED

NOTES ON THE ACCOUNTS (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2002 £'000	30 September 2001 £'000
Other creditors including taxation and social security	826	148
	<u>826</u>	<u>148</u>

12. SHARE CAPITAL

	31 December 2002 £'000	30 September 2001 £'000
Authorised:		
Equity shares:		
325,000,000 ordinary shares of 1p each	3,250	3,250
	<u>3,250</u>	<u>3,250</u>
Allotted, called up and fully paid:		
Equity shares:		
173,898,804 ordinary shares of 1p each	1,739	1,739
	<u>1,739</u>	<u>1,739</u>

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share Capital £'000	Share premium £'000	Warrant reserve £'000	Profit and loss Account £'000	Total £'000
At 1 October 2000	1,653	81,783	48	-	83,484
Issue of shares	86	-	-	-	86
Premium on issue of shares	-	675	-	-	675
Profit for the financial year 2001	-	-	-	469	469
	<u>1,739</u>	<u>82,458</u>	<u>48</u>	<u>469</u>	<u>84,714</u>
At 30 September 2001	1,739	82,458	48	469	84,714
Loss for the period	-	-	-	(28,090)	(28,090)
	<u>1,739</u>	<u>82,458</u>	<u>48</u>	<u>(27,621)</u>	<u>(56,624)</u>
At 31 December 2002	1,739	82,458	48	(27,621)	(56,624)

14. SUBSIDIARY UNDERTAKINGS

	Country of incorporation* and principal place of Operation	Class of shares held (wholly-owned unless Otherwise indicated)
AMP (UK) Investment Services Limited	UK	Ordinary shares
Interactive Markets Limited	UK	Ordinary shares
Interactive Investor (Overseas) Limited	UK	Ordinary shares
Interactive Investor Solutions Limited	UK	Ordinary shares
Interactive Markets (Asia) Limited	Hong Kong	Ordinary shares
Interactive Investor International (SA) Proprietary Limited	South Africa	Ordinary shares

* or registration

INTERACTIVE INVESTOR LIMITED

NOTES ON THE ACCOUNTS (continued)

15. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is AMP Interactive Investor Limited whose registered office is 142 Holborn, London, EC1N 2NQ. The parent undertaking of the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is AMP (UK) PLC, a copy of whose accounts can be obtained from AMP Lynch Wood, Peterborough, PE2 6FY.

The Company's ultimate parent undertaking is AMP Limited, a company incorporated in New South Wales, Australia. A copy of the accounts can be obtained from GPO Box 4134, Sydney Cove, New South Wales 2001, Sydney, Australia.