



ASX Announcement

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Part One: Investor Report

Part Two: Investor Presentation

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Important note

This Investor Report provides financial information reflecting 100% shareholder attributable after tax results from an operational perspective. The principles of Margin on Services (MoS) are used in reporting the results of AFS. 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, internal management information useful for investors, and some audited data. However, this Investor Report is not audited.

AMP also provides prescribed statutory reporting under the Corporations Act 2001. Those accounts will be available from our website www.ampgroup.com and reflect policyholder, shareholder and unattributed interests. A summary of significant accounting policies is more fully set out in the AMP Limited Directors' Report and Financial Report for the full year ended 31 December 2003.

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 that could cause actual results, performance or events to differ materially from those expressed. These forward looking statements are not guarantees of future performance. AMP makes no representation or warranty as to the accuracy or completeness of any statement in this Investor Report. In particular, information (including forward looking statements) in this Investor Report does not constitute investment advice or a recommendation on any matter.

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FY 03 results

AMP Group reported a consolidated net loss after income tax of A\$5.54b, reflecting the loss on demerger and losses in UK operations. The demerged AMP achieved a solid underlying result, which exceeded the explanatory memorandum (EM) range. This was made up of:

Total operating margins	• A\$508m	Up 28% compared to FY 02, largely driven by strong AFS results
Underlying contribution	• A\$609m	Up 25%, reflecting higher operating margins and improved investment markets in 2H 03
Profit after income tax before other items	• A\$619m	More than doubled, with return to solid investment income in addition to higher operating margins
Net profit after income tax – demerged AMP	• A\$662m	Up from a loss of A\$4m in FY 02, reflecting improved operational performance and write downs in FY 02
Dividend	• A\$0.16	Down from A\$0.46. Second half FY 03 dividend franked at 85%, up from 15% in 1H 03
Underlying RoE – demerged AMP	• RoE 18%	
Underlying EPS – demerged AMP	• EPS A\$0.44	Up from A\$0.43

Operational highlights

- Return on equity up to 18% in underlying terms
- Improvement in AFS and Cobalt/Gordian operating margins
- Reduction in controllable costs drives demerged AMP cost to income ratio down to 46%
- AFS cashflows rebound in 2H 03
- Persistency down in difficult environment
- Market share in most product segments maintained
- AFS embedded value up 13.2% (before transfers)
- Solvency and capital position of AMP Life improved, notwithstanding the substantial release of capital by AFS
- Good investment performance delivered by AMP Capital Investors
- Accelerated debt reduction plans will see gearing lowered and capital management enhanced in 2004

Results overview

FY 03 results for demerged AMP reflect solid underlying performance of the Australasian business

The results were considerably higher than anticipated in the EM. Underlying contribution was 17% higher than the top range EM forecast of A\$520m. This was mainly due to improved AFS and Cobalt/Gordian margins, lower borrowing and Corporate Office costs. One off items included the impact of a favourable public tax ruling in AFS.

Key initiatives implemented in 2003 included:

- ~ a new Chairman and four new directors
- ~ cost saving initiatives across the demerged AMP
- ~ AFS new business model and brand/planner management
- ~ AMPCI new products and distribution
- ~ restructuring and sale of non-core AMP Banking businesses
- ~ demerger of AMP.

AMP Group financial performance

AMP Group reported a consolidated net loss after income tax of A\$5,542m for FY 03 after valuation adjustments, asset sales, demerger associated entries, business restructuring costs and other one off items.

For the demerged AMP, before these above items and amortisation of goodwill:

- ~ profit after income tax was A\$619m, up A\$362m on FY 02
- ~ underlying contribution was A\$609m, a substantial improvement on FY 02 (up 25%)
- ~ total operating margins of A\$508m were up A\$111m (28%) on FY 02.

Underlying RoE was 18.1% for the demerged AMP.

AFS embedded value (3% discount margin (dm)) rose 13.2% after restatement of FY 02 and before FY 03 transfers. AFS new business value (3% dm) rose 2% on a restated basis to A\$239m.

Capital management

Total releases of capital by AFS in FY 03 of A\$1,357m will support a strengthening of AMP's balance sheet and reduction in gearing during 2004.

On 23 February 2004, AMP announced its intention to buy back, at A\$98 plus accrued interest, as much of the A\$1.24b of income securities on issue as possible.

Business unit operating margins increased 21%

AFS operating margins were up 27% due to:

- ~ improved investment markets and bond yields
- ~ expense savings (controllable costs down 15% on FY 02)
- ~ a favourable public tax ruling for the mature book (A\$23m).

This was partly offset by:

- ~ lower new business volumes in a poor market environment, especially 1H 03.

RoIC improved to 15.5% due to an increase in operating margins and improved capital management. Refer to page 8 for full AFS results.

AMPCI operating margins were down 6%, due to:

- ~ uncertain investment markets in 1H 03
- ~ the impact of the loss of the Listed Property Trust (LPTs) business. Refer to page 16 for full AMPCI results.

Cobalt/Gordian margins improved by 18% in FY 03 due to sound claims management and savings of A\$49m arising from commuted reinsurance contracts. Refer to page 20 for full Cobalt/Gordian results.

Cost management has led to an improved cost to income ratio of 46%

The demerged AMP cost to income ratio improved to 46% due to a 13% reduction in controllable costs. Savings in operating and project costs were A\$124m. This was primarily a result of a 20% reduction in headcount.

Control of Corporate Office costs led to a 37% (A\$20m) reduction in expenses, while AFS costs were 15% (A\$105m) lower than FY 02.

Investment income

The recovering Australian investment market, particularly in 2H 03, had a positive impact on investment income. At 31 December 2003, the ASX All Ords index was up 11% from end 2002. 10 year bond yields in Australia were up 45 basis points (bps) in FY 03 and were 61bps above 1H 03 yields. Total investment income of A\$220m was substantially higher than the last two years, (-A\$15m in FY 02), despite the impact of asset allocation changes in AMP Life.

Borrowing costs

Total borrowing costs decreased due to movements in foreign exchange rates, lower interest rates and a higher allocated tax rate. Interest expense was adjusted for debt held in UK entities prior to 12 December 2003.

Outlook for 2004

2004 is a year for consolidation with a focus on execution of strategy. The overriding goal is to run AMP better than it's ever been run before by driving down unit costs, growing cashflows, outperforming on investments and lowering balance sheet gearing.

There has been an encouraging start to sales activity to date in 2004. Strong growth is expected in AFS embedded value (EV) and value of new business (VNB) in the year, while broadly steady margins are likely in AMPCI.

Corporate Office costs are also expected to be lower, reflecting further rationalisation and streamlining.

Interest costs will decline with substantial debt reduction through the year.

In short, management focus will be firmly on driving operational excellence to deliver increased shareholder value.

Results overview cont'd

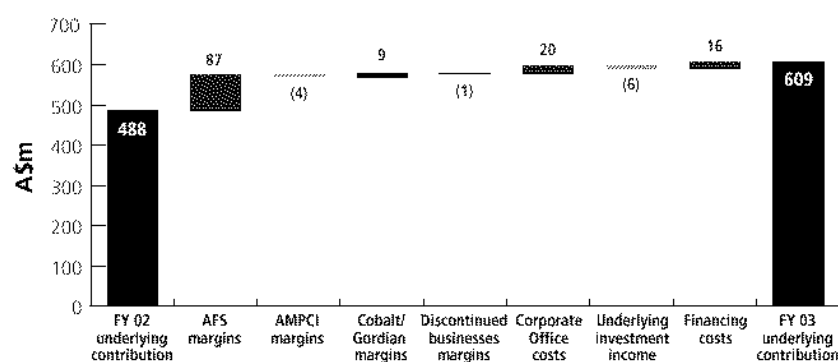
A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
AMP Financial Services	411	239	172	324	26.9	39.0
AMP Capital Investors	68	34	34	72	-5.6	0.0
Cobalt/Gordian	58	31	27	49	18.4	14.8
Total BU operating margins	537	304	233	445	20.7	30.5
Discontinued businesses ¹	5	(6)	11	6	-16.7	-154.5
Corporate Office costs	(34)	(24)	(10)	(54)	-37.0	140.0
Total operating margins	508	274	234	397	28.0	17.1
Underlying investment income ²	210	116	94	216	-2.7	23.4
Interest expense on corporate debt ³	(106)	(36)	(70)	(125)	-15.2	-48.6
Distribution on reset preferred securities	(3)	(3)	—	—	n/a	n/a
Underlying contribution	609	351	258	488	24.8	36.0
Investment income market adjustment	10	29	(19)	(231)	104.3	252.6
Profit after income tax before other items	619	380	239	257	140.9	58.9
Business restructuring – demerged AMP	(76)	(76)	—	(86)	n/a	n/a
Other one off items – demerged AMP	20	51	(31)	24	n/a	n/a
Asset sales – demerged AMP	(31)	36	(67)	206	n/a	n/a
Valuation adjustments – demerged AMP	168	(82)	250	(360)	n/a	n/a
Goodwill amortisation – demerged AMP	(38)	(18)	(20)	(45)	-15.6	-10.0
Net profit (loss) after income tax – demerged AMP	662	291	371	(4)	n/a	n/a
Loss on demerger – HHG	(3,585)	(3,585)	—	—	n/a	n/a
Demerger costs	(193)	(82)	(111)	—	n/a	n/a
Business restructuring – HHG	(233)	—	(233)	(258)	n/a	n/a
Demerged entities – HHG	(2,193)	(7)	(2,186)	(634)	n/a	n/a
Consolidated net loss after income tax – AMP Group	(5,542)	(3,383)	(2,159)	(896)	n/a	n/a
Controllable costs and cost to income ratios						
Cost to income – demerged AMP	46%	45%	46%	54%	n/a	n/a
Operating costs – demerged AMP	759	400	359	862	-12.0	11.4
Project costs – demerged AMP	44	26	18	65	-32.3	44.4
Total controllable costs – demerged AMP	803	426	377	927	-13.4	13.0

1 Includes Cogent and AMP Banking discontinued businesses.

2 FY 02 includes A\$m underlying investment income for discontinued Cogent business.

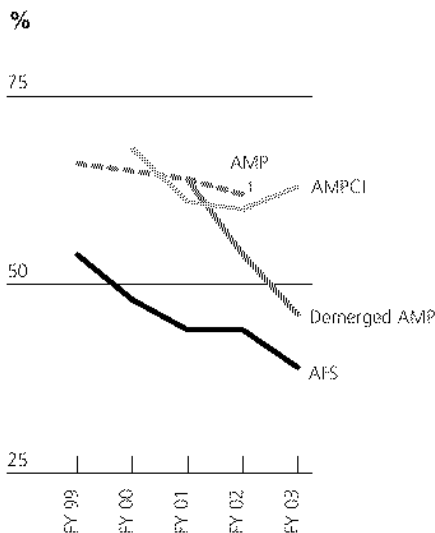
3 Interest expense on corporate debt includes interest expense on corporate debt transferred from HHG from 12 December 2003 (A\$m). An interest expense, from 1 January 2003 to 12 December 2003, of A\$m was incurred by HHG and is recorded in demerged entities – HHG. From 2004, the interest expense from the Euro medium term notes will be included in interest expense on corporate debt for demerged AMP.

Movement in underlying contribution FY 02 to FY 03



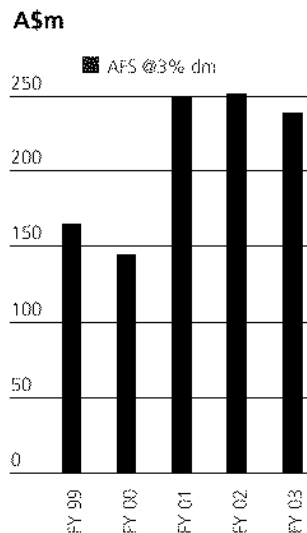
Performance measures

Cost to income ratio



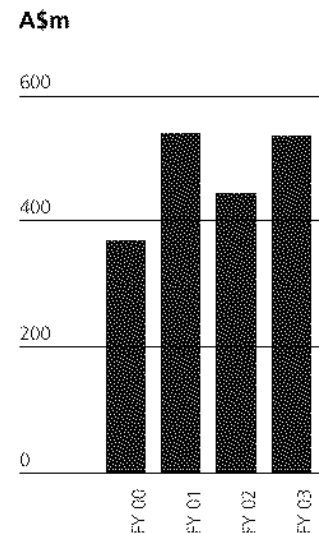
- The demerged AMP cost to income ratio improved by 8 percentage points mainly due to a A\$124m reduction in controllable costs.

Value of new business



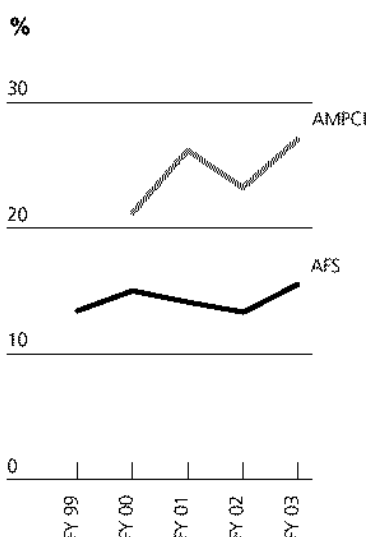
- AFS value of new business as reported decreased from A\$251m to A\$239m mainly due to lower sales volumes. After restatements, value of new business rose slightly.

Total BU² operating margins



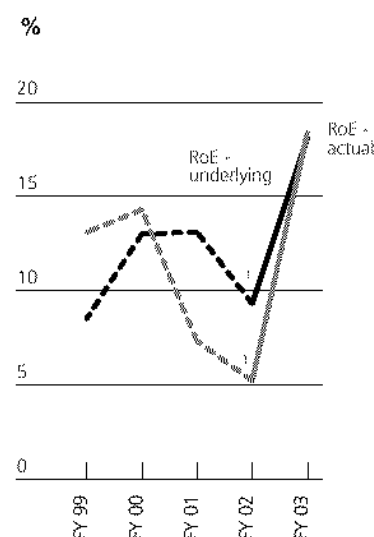
- Improvement in BU operating margins shows underlying strength of demerged AMP operations.

Return on invested capital (BU)



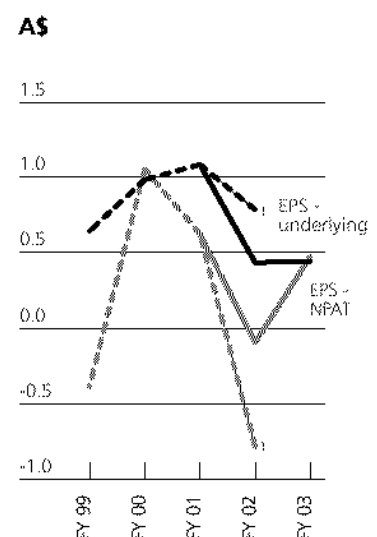
- AFS RoIC (excluding banking) improved by 2.2 percentage points showing good capital management.
- AMPCI RoIC increased 3.9 percentage points from FY 02.

Return on equity



- Underlying RoE improved by 9 percentage points due to solid demerged AMP operating margins and much lower equity base.

Earnings per share



- EPS ~ NPAT for the demerged AMP reflects solid results for FY 03.

1 Dashed lines on all graphs show reported numbers for the AMP Group prior to demerger.
 2 AFS, AMPCI and Cobalt/Gordian.

Five year summary

	FY 03	FY 02	FY 01	FY 00	FY 99
AMP Group					
Total operating margins (A\$m)		689	935	831	357
Underlying contribution (A\$m)		883	1,199	1,069	693
Net profit (loss) after income tax (A\$m)	(5,542)	(896)	690	1,152	(424)
EPS – Underlying (A\$)		0.78	1.08	0.98	0.64
– Net profit after tax (A\$)	-3.99	-0.79	0.62	1.05	-0.39
RoE – Underlying ¹		9.3%	13.1%	13.0%	8.5%
– Actual ¹		5.2%	7.3%	14.3%	13.1%
Demerged AMP					
Total operating margins (A\$m)	508	397			
Underlying contribution (A\$m)	609	488			
Net profit (loss) after income tax (A\$m)	662	(4)			
EPS – Underlying (A\$) ²	0.44	0.43			
– Net profit after tax (A\$)	0.48	-0.01			
RoE – Underlying ¹	18.1%				
– Actual ¹	18.4%				
Dividends per share (A\$)	0.16	0.46	0.51	0.47	0.41
Dividend payout ratio – Underlying	36%	59%	47%	48%	64%
Ordinary shares on issue (m)	1,845.3	1,159.5	1,128.5	1,104.6	1,089.2
Weighted average number of ordinary shares (m) – Basic	1,386.0	1,137.6	1,113.7	1,094.8	1,082.7
– Fully diluted	1,386.0	1,137.9	1,121.9	1,138.4	1,113.8
Share price for the period (A\$) – Low ³	4.35	11.18	16.56	13.69	14.13
– High ³	11.64	19.63	21.99	20.22	20.91
Return on embedded value – AFS (3% dm)	13.2%	1.4%	9.9%	7.1%	18.0%
Value of new business – AFS (3% dm) A\$m	239	251	249	145	165
Financial position					
Ordinary shareholders' equity (A\$m)	3,529	8,533	9,520	8,785	7,632
Corporate debt (excluding operational debt) (A\$m)	3,163	3,788	3,687	4,511	4,730
Gearing – debt/equity	90%	44%	45%	60%	69%
Interest cover (times) – Underlying ⁴	7.3	5.2	6.3	5.2	6.1
– Actual ⁴	7.4	3.5	4.1	5.5	8.7
Assets under management (AUM) A\$b					
Assets under management – AMPCI	67	71	77	76	66
Assets under management – externally managed	9	9	9	6	3
Total assets under management	76	80	86	82	69
Persistency – AFS	82.6%	83.8%	83.8%	82.3%	84.0%
Cost to income ratio – AMP Group		62%	64%	65%	66%
Controllable costs – AMP Group		2,595	3,131	3,005	2,579
Cost to income ratio – demerged AMP	46%	54%	55%	60%	
Controllable costs – demerged AMP	803	927	1,071	1,261	
Staff numbers					
AMP Financial Services ⁵	2,971	3,696	4,439	5,601	5,360
AMP Capital Investors ⁶	680	871	828	1,152	1,112
Cobalt/Gordian	138	195	202	115	150
Corporate Office Australia	172	207	285	286	236
Demerged AMP staff numbers	3,961	4,969	5,754	7,154	6,858
Businesses previously owned by AMP ⁷	–	6,434	9,114	12,110	14,341
Total staff numbers	3,961	11,403	14,868	19,264	21,199

1 As equity cannot be split between AMP Group and the demerged AMP, the demerged AMP FY 03 RoE ratio (Proxy RoE) calculations have been based only on closing equity. FY 02 ratios have been recalculated based on monthly average numbers.

2 Calculation of FY 03 EPS (underlying), based on 31 December 2003 number of shares on issue, was A\$0.33.

3 FY 03 low share price relates to demerged AMP, all other periods relate to AMP prior to demerger.

4 FY 03 relates to demerged AMP, improved from FY 02, predominately due to lower interest costs relating to demerged AMP and higher comparable profit figures. FY 02 numbers are as previously reported. For FY 02 demerged AMP numbers see page 26.

5 Excludes non-salaried planners. AMP Banking full time equivalents (FTEs) included in AFS. IT@AMP and Services@AMP FTEs now included in AFS for all years.

6 AMP Capital Investors numbers include shopping centre FTEs, all of which are recharged out to shopping centres. Reduction in FY 03 largely reflects restructure in property area due to sale of LPTs.

7 AMP International, AMP General Insurance and HHG FTEs.

AMP Financial Services

Highlights of the improved operating result were reduced controllable costs, increased capital releases and a record high RoIC

- Total profit margins increased to A\$389m in FY 03 from A\$324m in FY 02, driven primarily by:
 - cost savings of A\$105m contributed A\$73m to profit margins and improved investment markets contributed a further A\$13m
 - offset by lower new business volumes which reduced profit margins by A\$11m and the planned reduction in the shareholder profit share in Retirement Saving Account/Eligible Rollover Fund products reducing the mature book margins by A\$5m.
- Within total profit margins of A\$389m, contemporary margins increased 28% to A\$180m, mature margins increased 13% to A\$176m and NZ increased 22% to A\$33m.
- A favourable public tax ruling, issued in November 2003, contributed a total benefit of A\$23m (A\$11m experience profit, A\$12 capitalised loss reversal). This increased total operating margins to A\$411m. Other experience gains offset the effects of lower persistency in the contemporary book.
- Underlying investment income decreased due to a reduction in shareholder exposure to growth assets and lower average investment returns. In addition, lower capital levels employed in the business impacted underlying investment income in 2H 03 and will further impact 2004.
- RoIC rose to a new high of 15.5% (13.3% in FY 02).

One off items

- Business restructuring costs (A\$30m) reflected additional office space rationalisation costs. This resulted from greater than anticipated headcount reductions in 2H 03, increasing estimates of subletting losses for vacant office space, as well as costs associated with the relocation of operations in 2004 in New Zealand and AMP Banking to Parramatta.

Management of costs delivered sustainable cost savings of A\$105m (15%) on FY 02

- Unit cost reduction strategies are a major focus in AFS. The FY 03 cost to income ratio (excluding AMP Banking) improved to 39% from 44% in FY 02. This was despite an adverse impact from the reduced underlying investment income, and the difficult business environment.

- Savings were achieved in staff costs (staff numbers fell 20% year on year), occupancy, IT and other support costs. Controllable costs fell by A\$94m (excluding AMP Banking), made up of:
 - operating costs decreased by A\$83m in FY 03. Operating costs in 2H 03 remained in line with 1H 03 at A\$237m, notwithstanding the one off planner support payments in 2H 03, together with growth in new business of 19%
 - project costs decreased A\$11m in FY 03, notwithstanding increased expenditure of A\$7m in 2H 03, including further investment in back office automation and the roll out of eWrap (Asgard partnership).
- In AMP Banking, controllable costs decreased by A\$11m which improved the cost to income ratio from 132% in FY 02 to 86% in FY 03.

Capital efficiency and risk management initiatives, higher operating profits and improved investment returns enabled a substantial return of capital to shareholders (A\$1,357m)

- Capital releases of A\$1,357m comprised:
 - A\$1,040m of capital transfers from AFS (excluding AMP Banking):
 - A\$925m AMP Life statutory funds – resulted from higher operating profits (A\$480m); strengthened investment returns and other factors including the adoption of a more prudent shareholder asset mix and the decision to enter into tax consolidation (A\$445m)
 - A\$115m AMP Life – Other Operations – resulted principally from higher service company operating profits (A\$104m)
 - A\$317m AMP Banking – achieved through business streamlining and implementing its mortgage securitisation program. The capital release included A\$264m from the disposal of businesses within AMP Banking.
- The A\$567m net reduction in AFS capital resources over FY 02 reflects the capital releases of A\$1,357m, offsetting operating profits of A\$584m, the net increase in intangibles of A\$218m (including the revaluation of the distribution companies in 1H 03) and minor movements in reserves of A\$12m.
- Solvency and capital adequacy coverage ratios improved significantly in FY 03, notwithstanding the capital releases.
- Tangible capital resources grew as a ratio of minimum regulatory requirements from 187% to 238% over the year for AMP Life statutory funds.
- Future releases of capital will be affected by operating profits, the changing mix of AFS business over time, and changes in investment markets.

AMP Financial Services cont'd

A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
Components of profit and loss						
Profit margins released	249	135	114	239	4.2	18.4
Profit margins – other operations	133	72	61	95	40.0	18.0
Profit margins – AMP Banking	7	5	2	(10)	170.0	150.0
Total profit margins	389	212	177	324	20.1	19.8
Experience profits/losses	10	15	(5)	–	n/a	n/a
Capitalised loss reversals	12	12	–	–	n/a	n/a
Total operating margins	411	239	172	324	26.9	39.0
Underlying investment income	169	73	96	221	-23.5	-24.0
Underlying operating profit after income tax	580	312	268	545	6.4	16.4
Business restructuring – excluding AMP Banking	(30)	(30)	–	(69)	56.5	n/a
Assets sales net of provisions – AMP Banking	–	–	–	2	n/a	n/a
Valuation adjustments	242	(8)	250	–	n/a	n/a
Net profit after income tax	792	274	518	478	65.7	-47.1
Controllable costs and cost to income ratios						
Cost to income – excluding AMP Banking	39%	37%	40%	44%	n/a	n/a
Cost to income – AMP Banking	86%	78%	96%	132%	n/a	n/a
Operating costs – excluding AMP Banking	474	237	237	557	-14.9	0.0
Project costs – excluding AMP Banking	43	25	18	54	-20.4	38.9
Total controllable costs – excluding AMP Banking	517	262	255	611	-15.4	2.7
Operating costs – AMP Banking	58	29	29	66	-12.1	0.0
Project costs – AMP Banking	–	–	–	3	n/a	n/a
Total controllable costs – AFS	575	291	284	680	-15.4	2.5
Return on capital						
RoIC – excluding AMP Banking	15.5%	16.4%	14.4%	13.3%	n/a	n/a
RoBUE – excluding AMP Banking	17.8%	18.8%	16.6%	15.0%	n/a	n/a
RoIC – AMP Banking	4.1%	6.3%	2.3%	-7.1%	n/a	n/a

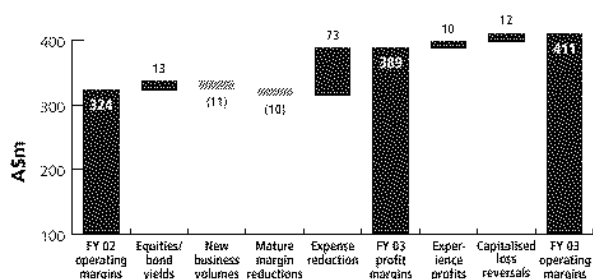
	FY 03				FY 02			
Components of profit and loss	Contemporary	Mature	NZ	Total	Contemporary	Mature	NZ	Total
Profit margins released	116	113	20	249	102	119	18	239
Service company	39	63	13	115	23	37	9	69
Other subsidiary margins ¹	25	–	–	25	16	–	–	16
Total profit margins	180	176	33	389	141	156	27	324
Experience profits/losses	(19)	22	7	10	(16)	16	–	–
Capitalised loss reversals	–	12	–	12	–	–	–	–
Total operating margins	161	210	40	411	125	172	27	324
Underlying investment income	65	97	7	169	85	128	8	221
Underlying operating profit after income tax	226	307	47	580	210	300	35	545
RoBUE – excluding AMP Banking ^{2,3}	16.8%	17.5%	28.0%	17.8%	15.1%	14.4%	24.1%	15.0%
Operating margins/AUM% (excluding AMP Banking)	0.55%	1.06%	1.02%	0.78%	0.50%	0.79%	0.65%	0.63%

1 Other subsidiary margins include AMP Banking and distribution companies.

2 FY 03 RoBUE calculations are based on monthly average capital numbers and FY 02 ratios have been recalculated on the same basis.

3 FY 03 RoBUE calculations for mature book include A\$23m from the public tax ruling. If this benefit was excluded, the mature book FY 03 RoBUE would be 16.2%.

Movement in total operating margins FY 02 to FY 03



AMP Financial Services cont'd

The distribution franchise proved resilient with new business up 19% in 2H 03 while full year volumes declined

- The advice based distribution offerings of Portfoliocare and eWrap grew 74% in 2H 03 over 1H 03. This was mainly due to the launch of eWrap in 2H 03 (A\$157m of new business). The success of these products boosted sales in Hillcross, which achieved year on year growth of 3% and growth of 36% in 2H 03 over 1H 03.
- New business in AMP Financial Planning grew 19% in 2H 03 over 1H 03 in line with improved market sentiment and new product offerings, but declined 16% year on year.
- AMP retained its number 1 ranking by number of planners in the Australian market in 2003¹. Self-employed Australian and New Zealand planner numbers (excluding provisional planners) decreased by 91 (5%) from FY 02 (FY 03: 1,896; FY 02: 1,987). 62 self-employed planners left the industry or retired in the last quarter of 2003, owing in part to the introduction of Financial Services Reform and AMP lifting its standards of compliance and advice.

Increased margins supported by 2H 03 improvement in new business, cashflows and the strengthening investment markets

- 2H 03 net cashflows strengthened considerably over 1H 03, with a A\$541m turnaround.
- On a full year basis, total AFS net cashflow declined from A\$1,168m FY 02 to A\$(537m) in FY 03. This was driven by reduced inflows as a result of the carry-over of poor market conditions from 2002 into 1H 03.
- Corporate superannuation new business fell 8% year on year, but had growth of 17% in 2H 03 over 1H 03 through a strong performance from the direct sales force in CustomSuper sales.
- Savings and retirement new business declined by 19% year on year but achieved growth of 12% in 2H 03 over 1H 03.
- Risk products had new business growth of 11% in FY 03 over FY 02 and growth of 41% in 2H 03 over 1H 03.
- Mature new business decreased by 29% due primarily to the closure of FLS Secure Growth product which declined by A\$193m to A\$28m. This product was closed to new business in 2002. Mature AUM fell by 4% over FY 03, with outflows falling 6% on FY 02.
- AMP Banking new mortgage lending increased by 37% to A\$2.3b in FY 03 from A\$1.7b in FY 02.

Persistency decreased marginally from FY 02

- Persistency decreased from 83.8% in FY 02 to 82.6% in FY 03 as a consequence of weaker investment markets in 1H 03. Retention remains a key focus, with planners being rewarded for retaining business and the customer communications centre proactively retaining AUM.

AFS retained market share

- AFS maintained its number 1 position in Australia in superannuation by funds under management (Plan for Life – September 2003).
- According to Assirt, in the Q4 2003, AMP returned to the top 4 for net quarterly inflows, up from 9th place in Q3. Plan for Life December full results were not available at the time of publishing this report.
- The cashflow data demonstrates the resilience in the AFS business and the competitive strength of its business model.

Positive result for New Zealand retail funds and risk business

- AMP in New Zealand improved its market share ranking in retail funds to number 2, from number 3, based on total retail funds under management, with 10% growth in retail super (Fund Source Research Limited December 2003).
- AMP grew its inforce term book by 11% in 2003. This resulted in market share increasing from 11% to 12%, driven by high retention rates.
- In conventional and other risk products, AMP maintained its market share ranking and registered solid growth.

AMP Sanmar (India)

- AMP Sanmar continued to drive growth through improved brand awareness and growth in its sales force. This growth is highlighted by approximately 38,000 new policies being issued in FY 03, an increase of 312% over FY 02. Planner numbers of approximately 4,400 increased 250% over FY 02.
- The results of AMP Sanmar are accounted for under market value accounting. The mark-to-market adjustment, which, for FY 03 was immaterial, is reflected under the investment income market adjustment in Corporate Office.

¹ Source: Money Management Top 100 Dealer Groups 2003 (October 2003) and Money Management Top 100 Dealer Groups 2002 (October 2002).

AMP Financial Services cont'd

A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
New business by distribution channel						
AMP Financial Planning (AMPFP)	4,483	2,435	2,048	5,355	-16.3	18.9
Hillross and Arrive (AMP aligned 3rd Party Distributors)	1,149	663	486	1,117	2.9	36.4
3rd party distributors	712	362	350	887	-19.7	3.4
Corporate superannuation – direct sales force	553	349	204	780	-29.1	71.1
Customer communications centre and other	757	346	411	734	3.1	-15.8
Total Australia	7,654	4,155	3,499	8,873	-13.7	18.8
New Zealand	437	242	195	495	-11.7	24.1
Total new business by distribution channel	8,091	4,397	3,694	9,368	-13.6	19.0
New business by product type						
Corporate superannuation	1,854	999	855	2,013	-7.9	16.8
Savings and retirement	3,792	2,005	1,787	4,673	-18.9	12.2
Risk ¹	580	339	241	523	10.9	40.7
Advice based distribution products ²	819	520	299	809	1.2	73.9
Mature	609	292	317	855	-28.8	-7.9
Total Australia	7,654	4,155	3,499	8,873	-13.7	18.8
New Zealand	437	242	195	495	-11.7	24.1
Total new business by product type	8,091	4,397	3,694	9,368	-13.6	19.0
AMP Banking – new business mortgages	2,289	1,379	910	1,665	37.5	51.5
AMP Banking – new business deposits	442	191	251	1,184	-62.7	-23.9
Total retention/persistency – excluding AMP Banking	82.6%	82.6%	82.5%	83.8%	n/a	n/a

Market share	Market size 2003	AFS 2003	AFS share (%)		AFS ranking	
			2003	2002	2003	2002
Australia – data as at 30 September 2003³ (A\$m)						
Funds under management						
Superannuation including rollovers ⁴	133,659	22,722	17	18	1	1
Retirement income ⁴	45,210	5,877	13	13	2	3
Unit trusts (excluding cash management trusts) ⁴	84,767	3,391	4	4	9	9
Total retail managed funds ⁴	301,902	33,209	11	11	3	3
Master funds ⁴	178,037	21,364	12	12	2	2
Regular premium ⁴	33,206	11,290	34	35	1	1
Total annual inflows						
Individual risk ⁵	2,852	314	11	11	4	4
Group risk – superannuation only ⁵	808	81	10	14	5	5
New Zealand – data as at 31 December 2003 (NZ\$m)						
Retail super (assets under management) ⁶	5,824	1,098	19	17	1	2
Unit trusts (assets under management) ⁶	8,502	200	2	3	12	11
Insurance bonds (assets under management) ⁶	1,431	310	22	23	2	2
Total retail funds (assets under management) ⁶	18,988	1,665	9	9	2	3
Corporate super (assets under management) ⁷	1,839	675	37	54	1	1
Conventional (inforce premium) ⁸	182	76	42	41	1	1
Term insurance (inforce premium) ⁸	437	53	12	12	2	2

- 1 Regular premium new business equal to 10 times the initial monthly premium received.
- 2 Represents PortfolioCare and eWrap – externally manufactured products earning platform fees.
- 3 2002 Australian data, as at 31 December 2002.
- 4 Plan for Life Sept 2003 – Retail managed fund report.
- 5 Plan for Life Sept 2003 – Life insurance statistics report.
- 6 Fund Source Research limited Dec 2003 – Industry trends and market composition report.
- 7 ISI statistics Dec 2003 – Quarterly return of savings and retirement products.
- 8 ISI statistics Dec 2003 – Quarterly return of traditional and risk business.

AMP Financial Services cont'd

Product cashflows FY/FY	01/01/03		FY 03		31/12/03		FY 02		
	AUM (A\$b)	Inflow (A\$m)	Outflow (A\$m)	Net (A\$m)	Other ² (A\$m)	AUM (A\$b)	Inflow (A\$m)	Outflow (A\$m)	Net (A\$m)
Australian contemporary									
Corporate superannuation	6.0	1,853	1,304	549	138	6.8	2,021	1,251	770
Savings and retirement	18.4	3,630	3,210	420	352	19.1	4,557	3,072	1,485
Risk	n/a	276	115	161	n/a	n/a	257	100	157
Advice based distribution products ¹	2.1	819	471	348	787	3.2	809	297	512
Total contemporary	26.5	6,578	5,100	1,478	1,277	29.1	7,644	4,720	2,924
Matured/closed	20.6	861	2,724	(1,863)	960	19.7	1,186	2,895	(1,709)
Total Australian	47.1	7,439	7,824	(385)	2,237	48.8	8,830	7,615	1,215
New Zealand retail	4.1	407	559	(152)		3.9	470	517	(47)
Total AFS	51.2	7,846	8,383	(537)	2,237	52.7	9,300	8,132	1,168
AMP Banking mortgages	4.3	2,289	1,158	1,131		5.4	1,665	906	759
AMP Banking deposits	1.7			(198)		1.5			397

Product cashflows HY/HY	31/12/03		2H 03		30/06/03		1H 03		
	AUM (A\$b)	Inflow (A\$m)	Outflow (A\$m)	Net (A\$m)	AUM (A\$b)	Inflow (A\$m)	Outflow (A\$m)	Net (A\$m)	
Australian contemporary									
Corporate superannuation	6.8	998	693	305	6.2	855	611	244	
Savings and retirement	19.1	1,916	1,597	319	18.6	1,714	1,613	101	
Risk	n/a	149	57	92	n/a	127	58	69	
Advice based distribution products	3.2	519	279	240	2.2	300	192	108	
Total contemporary	29.1	3,582	2,626	956	27.0	2,996	2,474	522	
Matured/closed	19.7	398	1,270	(872)	19.6	463	1,454	(991)	
Total Australian	48.8	3,980	3,896	84	46.6	3,459	3,928	(469)	
New Zealand retail	3.9	208	290	(82)	3.8	199	269	(70)	
Total AFS	52.7	4,188	4,186	2	50.4	3,658	4,197	(539)	
AMP Banking mortgages	5.4	1,379	685	694	4.7	910	473	437	
AMP Banking deposits	1.5			(18)	1.5			(180)	

1 Represents PortfolioCare and eWrap – externally manufactured products earning platform fees.

2 Includes product transfers, fees, investment returns on all asset classes and tax.

AFS embedded value and value of new business

Embedded value increase was driven by new business and cost savings

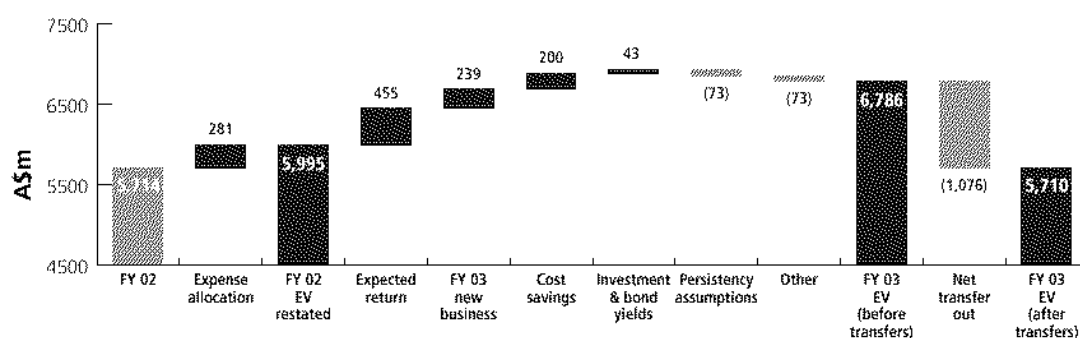
- Embedded value increased by 13.2% at the 3% dm after restatement of FY 02 and before FY 03 transfers.
- The restatement (which was made in 1H 03) resulted from a revised expense allocation. The main impact was to recognise a greater proportion of expenses as being attributable to new business acquisition activities.
- The value added factors in FY 03 were:
 - ... new business adding A\$239m (3% dm) or A\$177m (6% dm)
 - ... lower future unit costs resulting from cost saving initiatives adding A\$200m (3% dm) or A\$179m (6% dm)
 - ... investment returns and changes in bond yields adding A\$43m (3% dm) or A\$54m (6% dm)
- mainly offset by:
 - ... lower persistency assumptions reducing value by A\$73m (3% dm) or A\$55m (6% dm)
 - ... business restructure costs A\$39m
 - ... adverse exchange rate movements A\$24m (3% dm) or A\$20m (6% dm), and asset mix changes A\$37m (3% dm) or A\$5m (6% dm). The asset mix changes reduce embedded value but increase RoIC
 - ... other current year experience and assumption changes making up the remainder.
- Net transfers include capital of A\$1,040m transferred out, and A\$36m of franking credits, which is 70% of their face value.

Value of new business increased despite lower sales volumes

- In 1H 03, AFS revised their expense allocation and restated FY 02 for consistency. This reduced VNB by A\$17m (3% dm).
- After restatement, the value of new business increased from A\$234m in FY 02 to A\$239m in FY 03 (both at 3% dm) due to:
 - ... lower unit costs adding A\$54m
 - ... other assumption changes and product changes adding a net A\$1m
- offset by:
 - ... lower volumes in part offset by a more profitable mix deducting a net A\$33m
 - ... movements in bond yields deducting A\$5m
 - ... lower persistency assumptions deducting A\$12m.

Change in embedded value

(at the low risk discount margin (3%) above bond rate)



AFS embedded value and value of new business cont'd

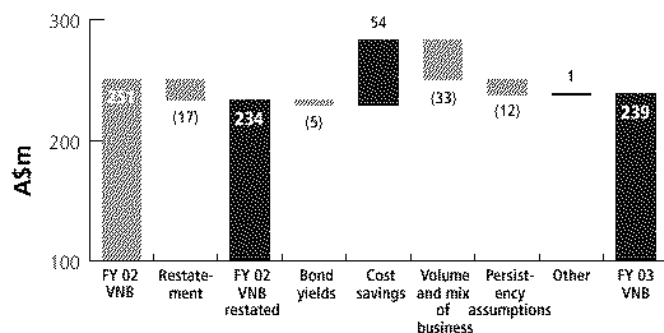
AMP Financial Services (A\$m)	Embedded value and discount margin			
	3%	4%	5%	6%
Embedded value at 31 December 2002	5,714	5,479	5,270	5,085
Restatement	281	266	252	239
Expected return ¹	455	478	499	518
Value added	336	337	338	338
Net transfers out	(1,076)	(1,076)	(1,076)	(1,076)
Embedded value at 31 December 2003	5,710	5,484	5,283	5,104
2003 return on embedded value	13.2%	14.2%	15.2%	16.1%
Embedded value comprises:				
Adjusted net assets ²	1,476	1,476	1,476	1,476
Value of inforce business ³	4,234	4,008	3,807	3,628
Embedded value by major entity				
AMP Life	4,598	4,420	4,262	4,122
Service company ⁴	953	907	867	830
Other subsidiaries ⁵	159	157	154	152
Value of new business				
2003	239	216	195	177
2002 restated	234	204	178	154
2002 as reported	251	222	197	174
Value of franking credits @ 70% full value (included above)				
Value of inforce business	960	921	886	854
Value of new business – 2003	51	46	43	39

Source: AMP Life Appointed Actuary

- 1 The expected rate of return for the value of inforce is the discount rate at 31 December 2002. The expected return for adjusted net assets is the expected net investment return. Value added is the growth in excess of the expected return, before transfers.
- 2 Adjusted net assets broadly represent shareholder net assets in excess of capital adequacy requirements at face value.
- 3 Value of inforce business includes shareholder net assets of A\$1,196m at face value which are valued at a discount to expected time of release.
- 4 The value of the service company is based on those service company revenue and expenses which are allocated to AFS.
- 5 Other subsidiaries include unit trust, wrap and master trust businesses and distribution companies, but exclude AMP Banking (A\$267m of tangible capital resources).

Change in value of new business

(at the low risk discount margin (3%) above bond rate)



AFS EV and VNB sensitivities

Change in embedded value at 31 December 2003 (A\$m)

	Life and other	Service company	Total
1% (100bps) increase in long term bond yields	(55)	(25)	(80)
5% reduction in controllable costs	—	65	65
10% reduction in discontinuance rates	150	55	205
5% increase in equity index — local equities	85	10	95
5% increase in equity index — international equities	30	5	35

FY 03 change in value of new business (A\$m)

	Life and other	Service company	Total
1% (100bps) increase in 10 year bond yields	(4)	(1)	(5)
5% reduction in controllable costs	—	15	15
10% reduction in discontinuance rates	18	8	26
5% increase in sales	6	5	11

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**, 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 movement in a particular variable is independent of all others
 - they show the average movement for the risk discount margin range
 - for EV, they are rounded to the nearest A\$m
 - they are based on the FY 03 position, ie not “forward looking”, and make no allowance for events subsequent to 31 December 2003.
- The 1% increase in long term government bond yields is assumed to be accompanied by a 0.5% increase in inflation 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 0.5% (ie the equity risk premium is reduced by 0.5%).
- The 5% reduction in costs is based on AFS controllable costs only, ie it excludes commission and investment management fees. The analysis assumes cost reductions arise in the business support operations.
- 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%). Risk business is included in this sensitivity. Note that this is a change in presentation since 1H 03 when a sensitivity to 1% increase in persistency was shown, and risk business was not included. A 1% increase in persistency is approximately the same as a 9% reduction in discontinuance rates.
- The 5% increase in equity index for local equities is based on the ASX All Ords. No adjustment is made for investments outside index weightings, non-listed equities are excluded and no allowance is made for events subsequent to 31 December 2003.

AMP Capital Investors

Performance measures

- Total operating margins of A\$68m compared favourably with the EM forecast range of A\$63m – A\$65m.
- Relative to FY 02, the fall in total operating margins was A\$4m.
- Investment performance was much improved in FY 03 with over 74% of all AUM either meeting or exceeding their respective benchmarks.
- Investment performance fees and transaction fees largely offset the effect of the loss of the Listed Property Trust (LPTs) business income during the second half of FY 03 (A\$7m), and the effect of lower average AUM levels in FY 03 compared with FY 02.
- The cost to income ratio increased from 60% to 63%.
- RoIC increased from 23.2% in FY 02 to 27.1% in FY 03 due to a reduction in invested capital. RoBUE increased from 47.6% to 50.1%.
- The sale/transfer of the LPTs enabled a release of capital of A\$88m and contributed to a reduction in shareholder invested capital to A\$246m for FY 03 from A\$292m in FY 02.

Fee income

Fee income fell by A\$5m (2%) from A\$287m in FY 02 to A\$282m in FY 03.

The main variations in revenue between FY 02 and FY 03 were:

- net contribution from performance fees and transaction fees earned in FY 03 (A\$16m) was due to improved investment performance of statutory funds and the successful execution of a number of structured debt transactions and private capital divestments
- lower revenue due to sale/transfer of LPTs (A\$13m)
- lower management fee income (A\$10m) due to lower AUM (A\$2m) and change in asset mix in AMP Life statutory funds (A\$7m)
- lower property leasing and development fees (A\$6m), which can vary from period to period depending on lease expiry profiles and development opportunities within assets under management.

Cost management

Management expenses increased by A\$8m (4%) from A\$177m in FY 02 to A\$185m in FY 03. The main reason for this was an increased provision for performance based incentive expenses, owing to better investment performance and transaction fee levels.

Asset sales

Loss on asset sales of A\$3m represents the post tax net result of the sale/transfer of management rights in the four LPTs for which AMPCI was the Responsible Entity. The annualised post-tax profit impact of the loss of LPTs is around A\$16.5m.

AUM

AUM declined from A\$70.5b in FY 02 to A\$67.2b in FY 03. Detail is provided in the waterfall graph on page 17.

Cashflows

- Internal cash outflows amounted to A\$1.8b, representing the expected outflows from the mature business.
- External cash outflows (excluding LPTs) for FY 03 were A\$2.7b in comparison to FY 02 cash outflows of A\$2.3b. The termination of a short term cash mandate in New Zealand contributed A\$1b to cash outflows.
- FY 03 benefited from strong sales in Future Directions¹ products of A\$1.2b, and from new sales through the Japanese distribution channel.
- Improved investment performance assisted in the retention of key institutional clients, and inflows from the AMP Financial Planning network.
- Success in the marketing of our products in Asia and Japan included:
 - two Australian bond funds in Japan which raised A\$557m
 - securing a mandate to advise Nikko Asset Management (Japan) on their global REIT Fund which will benefit 2004 flows
 - three additional tranches of the Asian Bonus Payout Fund range. AUM for structured products in Singapore totalled A\$170m at the end of 2003.

1 Future Directions products were released in Q4 2002.

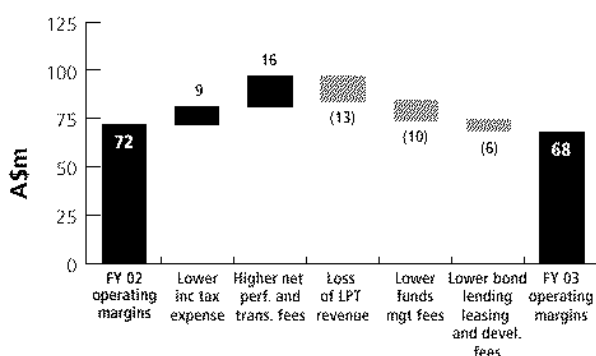
AMP Capital Investors cont'd

A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
Components of profit and loss						
Fee income	282	154	128	287	-1.7	20.3
Management expenses	(185)	(106)	(79)	(177)	4.5	34.2
Tax expense	(29)	(14)	(15)	(38)	-23.7	-6.7
Total operating margins	68	34	34	72	-5.6	0.0
Underlying investment income	7	3	4	5	40.0	-25.0
Underlying operating profit after income tax	75	37	38	77	-2.6	-2.6
Business restructuring	(7)	(7)	---	(7)	n/a	n/a
Other one off items	---	---	---	24	n/a	n/a
Asset sales	(3)	36	(39)	---	n/a	n/a
Net profit (loss) after income tax	65	66	(1)	94	-30.9	n/a
Controllable costs and cost to income ratio						
Cost to income	63%	67%	59%	60%	n/a	n/a
Operating costs	185	106	79	176	5.1	34.2
Project costs	---	---	---	1	n/a	n/a
Total controllable costs	185	106	79	177	4.5	34.2
Return on capital¹						
RoIC	27.1%	28.8%	26.0%	23.2%	n/a	n/a
RoBUE	50.1%	44.8%	56.0%	47.6%	n/a	n/a

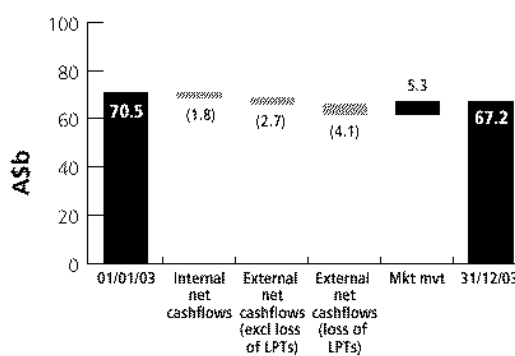
1 RoIC and RoBUE percentages for FY 03 have been calculated using monthly average capital; previously, it was based on the average of opening and closing capital. Prior periods have also been recalculated on this basis.

A\$m	FY 03				FY 02		
	AUM by product	Inflow	Outflow	Net	Inflow	Outflow	Net
Product cashflows							
Institutional (excluding LPTs)	19,774	5,659	8,381	(2,722)	4,657	6,938	(2,281)
LPTs	---	---	4,100	(4,100)	---	---	---
Total	19,774	5,659	12,481	(6,822)	4,657	6,938	(2,281)

Movement in total operating margins FY 02 to FY 03



FY 03 change in AUM



AMP Capital Investors cont'd

Investment initiatives

- During FY 03, AMPCI expanded its investment capabilities, launching a number of new products to the market. These included Australian Market Neutral Equity Fund, Enhanced Yield Fund, and Protected Income Fund for AMP NZ Financial Services.
- New products launched in Property included; Property Development Portfolio No. 3; Select Property Portfolio; Direct Property Portfolio, targeting do-it-yourself superannuation funds and high net worth individuals; and a Global Listed Property Securities Fund comprised of LPTs and REIT securities from major global markets including North America, Asia, Europe and Australia.
- Private capital initiatives over the past year included:
 - ... the restructure of its energy distribution investments in United Energy Limited (UEL), Multinet and Alinta, which resulted in the launch of the Diversified Utility and Energy Trusts (DUET), and the Preferred To Ordinary With Exchange and Reset Securities (POWERS) Trust, totalling A\$865m
 - ... the divestment of Stanbroke for more than A\$490m on behalf of AMP Life, realising an annual return on funds invested of 19%.

Market share

The market share of the Australian and New Zealand operations remained constant over the year.

Investment performance

- FY 03 was a good year for investment performance, with over 74% of all AUM either meeting or exceeding their respective benchmarks.
- Performance was good across all asset classes as evidenced by the strong showing of the flagship Balanced Growth Fund, which was ranked in the first Quartile (or 3rd out of 23) in Mercers' (1 year) pooled fund survey for 2003.
- Strong performances were delivered in Australian shares, with Value Plus, Index, Capital and Active Quant all outperforming their benchmarks.
- In Australian fixed interest, the Active Australian Bonds Funds, Australian Corporate Bonds Fund, Managed Treasury Fund, and Diversified High-Yield and Structured High Yield outperformed their benchmarks.
- The core international share fund underperformed its benchmark by 17 bps returning -2.3%. Previously, the fund was managed by Henderson Global Investors UK; however, since October 2003, 70% of the fund is now managed through a blend of world class investment managers.
- International bonds, managed by Henderson Global Investors UK, outperformed their benchmarks, as did the Emerging Market bonds portfolio.
- Property had another good year with the flagship direct property portfolio, the Australian Core Property Portfolio (SF2) returning 11.1% (virtual pooled superannuation trust) for the year to December 2003.
- Diversified funds performed well in FY 03 with all the funds outperforming their benchmarks. The flagship Balanced Growth Fund returned 11.2%, with asset allocation adding substantial value.

AMP Capital Investors cont'd

AUM (A\$b)	FY 03	1H 03	FY 02	% FY
Assets under management by asset class				
Local equities	19.2	19.2	19.0	1.1
International equities	10.8	8.9	9.0	20.0
Fixed interest	25.3	26.1	26.5	-4.5
Listed assets	55.3	54.2	54.5	1.5
Private capital	2.5	2.5	2.5	0.0
Property	9.4	13.7	13.5	-30.4
Total assets under management by asset class	67.2	70.4	70.5	-4.7
Assets under management by line of business				
Internal funds	47.4	45.9	46.4	2.2
Institutional	19.8	24.5	24.1	-17.8
Total assets under management by line of business	67.2	70.4	70.5	-4.7

Australian market position by AUM as at 30 September 2003 ¹	Total market size (A\$b)	Market share position (rank)	Market share %
Total investment management market²	795.4	2	7.3%
Retail investment market	245.9	3	12.5%
Wholesale investment market	566.3	5	4.9%
Select asset classes			
Australian equities	214.0	2	7.9%
Australian fixed income	133.7	1	11.7%
International fixed income	35.1	7	7.0%
Property	67.1	4	14.3%

1 Source: Rainmaker Roundup, September 2003.

2 The sum of the wholesale and retail investment market does not reconcile to the total investment management market due to an overlap in the classification of the funds.

New Zealand market position by AUM as at 30 September 2003	Total market size (NZ\$b)	Market share position (rank)	Market share %
Total investment management market^{1, 5}	42.58	1	22.4%
Retail investment market ²	14.44	4	10.6%
Wholesale investment market – superannuation ³	14.46	1	26.3%
Select asset classes⁴			
Balanced products	1.77	1	21.0%
Passive NZ equities	0.12	1	68.7%
Passive global equities	0.30	2	37.1%
Property	0.21	2	22.1%
NZ fixed interest	0.87	1	38.1%
Global fixed interest	0.47	1	30.4%

1 Source: Reserve Bank of New Zealand.

2 Source: Morningstar.

3 Source: Watson Wyatt.

4 Source: Watson Wyatt market position for AMP superannuation investment trust products – the only products for which rating is available.

5 The total investment management market also includes wholesale investment non-superannuation funds.

Cobalt/Gordian

A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
Reinsurance and direct insurance run off portfolios						
Gross written premium	(73)	(53)	(20)	51	-243.1	165.0
Reinsurance premium	(2)	(1)	(1)	(28)	-92.9	0.0
Change in unearned premium reserve	73	56	17	18	305.6	229.4
Net earned premium	(2)	2	(4)	41	-104.9	150.0
Net claims	328	152	176	(6)	n/a	-13.6
Net expenses	(34)	(12)	(22)	(45)	-24.4	-45.5
Investment income on technical reserves	(230)	(110)	(120)	51	n/a	-8.3
Adjusted underwriting profit	62	32	30	41	51.2	6.7
Income tax	(4)	(1)	(3)	8	-150.0	-66.7
Total operating margins	58	31	27	49	18.4	14.8
Investment income on shareholder capital	(14)	(1)	(13)	26	-153.8	-92.3
Operating profit after income tax	44	30	14	75	-41.3	114.3
Other one off items	61	61	—	—	n/a	n/a
Valuation adjustments	(70)	(70)	—	(108)	n/a	n/a
Net profit (loss) after income tax	35	21	14	(33)	206.1	50.0

Cobalt/Gordian is focused on achieving a profitable run off of AMP's remaining books of general insurance business while maximising the returns to shareholders. The business includes:

- the Gordian and TGI residual portfolios including the international reinsurance business and the old AMP General corporate insurance portfolios not divested in 2001
- Cobalt Run Off Services, a wholly owned specialist run off manager, that manages the AMP business as well as providing services to non-AMP clients.

Strategic change

AMP conducted an extensive review of the business, looking at ways to maximise value including a sale, partial sale, restructuring and/or a reinsurance agreement. However, it was decided that it was in the best interests of shareholders to retain the business as reinsurance proposals received, relating to reinsurance agreements, had offered negligible benefits to shareholders.

Financial results

The operating margins in FY 03 improved as a result of sound claims management and savings of A\$49m arising from commuted reinsurance contracts.

Net earned premium reduced to -A\$2m, due to the expiry and cancellation of insurance policies, compared to FY 02, where there was some live business still being written.

Net claims are matched with investment portfolios in terms of both currency and duration. A significant portion of the net claims liabilities are in major international currencies, predominately the US dollar, which depreciated against the Australian dollar over the course of the year giving rise to reductions. As a result, these reductions in claims were matched by losses in investment income.

Net expenses decreased due to reductions in administrative expenses and releases of the provision for doubtful debts.

Gordian recorded a one off tax benefit of a net FITB (A\$61m).

The valuation adjustment in FY 02 was a write down of A\$108m in the intangibles for Gordian following a comprehensive review of the valuation of key subsidiaries. In FY 03 there was another review of the value of the Cobalt/Gordian business resulting in a further adjustment of A\$70m.

Corporate Office

A\$m	FY 03	2H 03	1H 03	FY 02	% FY	% H/H
Corporate Office costs						
Corporate Office costs not recovered from business units	(34)	(24)	(10)	(45)	-24.4	140.0
Integration costs	—	—	—	(9)	n/a	n/a
Total Corporate Office costs	(34)	(24)	(10)	(54)	-37.0	140.0
Underlying investment income on Corporate Office capital	48	41	7	(39)	223.1	485.7
Investment income market adjustment	10	29	(19)	(231)	104.3	252.6
Interest expense on corporate debt	(106)	(36)	(70)	(125)	-15.2	-48.6
Distribution on Reset Preferred Securities	(3)	(3)	—	—	n/a	n/a
Business restructuring	(39)	(39)	—	(10)	290.0	n/a
Other one off items	(41)	(10)	(31)	—	n/a	n/a
Asset sales	(28)	—	(28)	204	n/a	n/a
Valuation adjustments	(4)	(4)	—	(252)	n/a	n/a
Goodwill amortisation	(38)	(18)	(20)	(45)	-15.6	-10.0
Total Corporate Office	(235)	(64)	(171)	(552)	-57.4	-62.6
Interest expense summary						
Average volume of debt	1,986	1,956	2,013			
Weighted average cost of debt	7.41%	7.45%	7.38%			
Tax rate	30%	30%	30%			
Interest expense	103	51	52			
Interest expense on UK debt (from 12 Dec 03)	3	3	—			
Financial interest expense	106	54	52			
Correction from 1H 03						
Internal interest rate swaps ¹	—	(14)	14			
Lower allocated tax rate in 1H 03	—	(4)	4			
Interest expense on corporate debt	106	36	70			

1 The interest cost on these internal interest rate swaps should have been eliminated against UK investment income in 1H 03. Hence, the 1H 03 interest expense and investment income were shown grossed up for these swaps. For FY 03 they have been eliminated against each other.

Corporate Office costs not recovered from business units decreased by 24% (A\$11m), after charging BUs A\$48m in FY 03 compared to A\$62m in FY 02. This was mainly due to:

- ~ the redefining/cut-back of Corporate Office at the end of 2002
- ~ the closure of AMP International.

There were no integration costs in FY 03 as no acquisitions were made. FY 02 integration costs related to costs associated with integrating AMP Finance (formerly GIO Finance) into AMP Banking and the integration of Cogent's and Henderson's software systems.

Underlying investment income for Corporate Office increased by A\$87m in FY 03 compared to FY 02. This was due to higher average cash balances held during 2003.

Market adjustment improved from -A\$231m in FY 02 to A\$10m in FY 03, reflecting the improving share markets, particularly in 2H 03.

Interest expense on corporate debt decreased by 15% (A\$19m) from A\$125m in FY 02 to A\$106m in FY 03, reflecting movements in foreign exchange rates, lower interest rates and a higher allocated tax rate.

RPS distribution of A\$3m relates to the interest incurred by the demerged AMP from the date of demerger to year end. The RPS were fully redeemed in January 2004.

Business restructuring costs increased by A\$29m in FY 03 compared to FY 02. The FY 03 costs were mainly associated with the restructuring of Corporate Office in Australia subsequent to the demerger.

Other one off items were (A\$41m) in FY 03 compared to nil in FY 02. This was made up of:

- ~ (A\$51m) for the superannuation fund top-up
- ~ (A\$34m) separation adjustment provision
- ~ A\$44m one off tax consolidation benefit due to an uplift in cost base.

Asset sales in FY 03 relate to the completion of the sale of Cogent.

Valuation adjustments of (A\$4m) relate to the write down of the Japan business.

Goodwill amortisation reduced by 16% (A\$7m) in FY 03 compared to FY 02. This was mainly due to the transfer of management rights in AMP Diversified Trust to Stockland Property Trust in 1H 03.

Capital management – total shareholder capital resources

A\$m	31 December 2003	30 June 2003	31 December 2002
Equity			
Share capital	5,533	6,423	5,001
Capital reserve	510	510	510
Equity contribution reserve	1,019	—	—
Foreign currency translation reserve	(9)	(410)	361
Retained profits	61	502	2,661
Demerger loss reserve	(3,585)	—	—
Total equity attributable to ordinary shareholders	3,529	7,025	8,533
Hybrid equity (RPS) ¹	1,150	1,140	1,141
Total equity attributable to ordinary shareholders plus hybrid equity	4,679	8,165	9,674
External corporate debt	3,163	3,347	3,788
Total shareholder capital resources	7,842	11,512	13,462
HHG shareholder capital resources		(4,846)	(8,157)
Total demerged AMP shareholder capital resources	7,842	6,666	5,305
Other interests – AMP			
Other outside equity interests in controlled entities ²	4,361	2,488	2,659
Other interests – HHG			
Life funds not specifically attributed to shareholders' or policyholders' interests		2,596	5,494
Other outside equity interests in controlled entities		12	96

1 The RPS are classified as a liability in the AMP Ltd 2003 Full Financial Report, and were redeemed on 14 January 2004. They are classified in the same line as hybrid equity in the analysis above, consistent with historical treatment.

2 The 2003 figures include AMP Life's investment in AMP Capital Investors' Diversified Utility and Energy Trusts.

Total equity attributable to ordinary shareholders plus hybrid equity decreased by A\$4,995m in FY 03. This can be broken down as:

- A\$532m increase in share capital being:
 - A\$1,686m of new capital raised through the institutional capital raising (A\$1,222m less issue costs of A\$30m) and the retail capital raising (A\$500m less issue costs A\$6m)
 - A\$1,169m of new capital raised through the AMP rights issue (A\$1,187m less issue costs of A\$18m)
 - A\$335m of new capital raised through dividend reinvestment plans and underwriting of the final 2002 and interim 2003 dividends
 - offset by:
 - A\$2,658m reduction in share capital on the demerger of AMP.
- A\$1,019m increase in the equity contribution reserve as a result of the additional loss on demerger required by accounting standards. This represents the difference between the fair value of HHG and the reduction in share capital relating to the demerger.
- A\$370m decrease in the foreign currency translation reserve due to:
 - A\$906m decrease from the strengthening of the A\$ against the £
 - offset by:
 - A\$536m being transferred to retained profits as a result of the demerger of AMP.
- A\$6,185m decrease in retained profits and demerger loss reserve due to:
 - A\$5,542m full year loss (A\$6,204m of this relates to HHG and the demerger)
 - A\$536m transfer from the foreign currency translation reserve
 - A\$107m interim 2003 dividend payment.
- A\$9m increase from the movement in the RPS, which are recorded at face value and no longer include accrued interest less issue costs.

Capital management – shareholder capital invested

Notional allocation at	31 December 2003				31 December 2002			
	Minimum regulatory requirements	Tangible capital resources	Intangibles ¹	Total capital	Minimum regulatory requirements	Tangible capital resources	Intangibles	Total capital
A\$m								
AMP Financial Services	1,239	2,939	713	3,652	2,066	3,724	495	4,219
AMP Life statutory funds	1,075	2,556		2,556	1,607	3,010		3,010
AMP Life other	18	116	713	829	28	130	495	625
AMP Banking	146	267		267	431	584		584
AMP Capital Investors	73	163	83	246	58	121	171	292
Cobalt/Gordian ²	413	590		590	393	537		537
Corporate Office ^{3,4}	–	3,354		3,354	34	257		257
Total demerged AMP shareholder capital resources	1,725	7,046	796	7,842	2,551	4,639	666	5,305
HHG shareholder capital resources					5,747	6,069	2,088	8,157
Total shareholder capital resources	1,725	7,046	796	7,842	8,298	10,708	2,754	13,462
External corporate debt				(3,163)				(3,788)
Total equity attributable to ordinary shareholders plus hybrid equity				4,679				9,674

1 Intangibles are defined on page 31. There are a further A\$1,246m of intangibles in the AMP Ltd 2003 Full Financial Report which primarily relate to policyholder interests, including AMP Life's investment in AMP Capital Investors Diversified Utility and Energy Trusts.

2 So as to reflect its fair value, FY 03 total capital includes provisions of A\$212m and FY 02 includes A\$225m.

3 After 31 December 2003, Corporate Office total capital reduced by A\$1,150m on the repayment of the RPS on 14 January 2004.

This has also reduced total AMP shareholder capital resources and total equity attributable to ordinary shareholders plus hybrid equity by A\$1,150m.

4 Total capital for FY 03 and FY 02 is shown net of inter business unit holdings of A\$125m and A\$75m respectively, related to admissible loans from Cobalt/Gordian.

AFS total capital decreased by A\$567m, primarily due to capital releases from the AMP Life statutory funds and AMP Banking, partially offset by the increase in the market value of Hillcross and AMP Financial Planning.

AMPCI split of tangible capital resources and intangibles has changed due to a reduction in capital, attributed to sale proceeds of AMPCI LPTs.

Cobalt/Gordian total capital increased primarily due to retained profits.

Corporate Office capital increased substantially due to the institutional and retail capital raising, AMP rights issue, capital releases from AFS and retention of 11.04% corporate holding in HHG, partially offset by various capital injections into HHG as part of AMP's demerger.

Capital management - regulatory and risk

Capital employed by regulatory class	31 December 2003 ~ actual			31 December 2003 ~ adjusted ¹		
	Tangible capital resources	Intangibles	Total capital	Tangible capital resources	Intangibles	Total capital
A\$m						
Equity attributable to ordinary shareholders	2,733	796	3,529	2,733	796	3,529
Allowable hybrid Tier 1 instruments	882		882			
Tier 1	3,615	796	4,411	2,733	796	3,529
Allowable upper Tier 2 instruments	268		268			
Allowable lower Tier 2 instruments	1,808		1,808	1,367		1,367
Tier 2	2,076		2,076	1,367		1,367
Total regulatory capital (Tier 1 + Tier 2)	5,691	796	6,487	4,100	796	4,896
Non-allowable hybrid instruments	131		131	572		572
Senior debt	1,224		1,224	1,224		1,224
Total demerged AMP shareholder capital resources	7,046	796	7,842	5,896	796	6,692

¹ The table shows what the regulatory capital position would have been if the RPS were repaid on 31 December 2003.

At 31 December 2003, AMP had A\$131m of non-allowable hybrid instruments as calculated under APRA regulations. Under the adjusted figures, non-allowable hybrid instruments increase to A\$572m.

For details on APRA regulations, please refer to glossary on page 30.

Risk capital

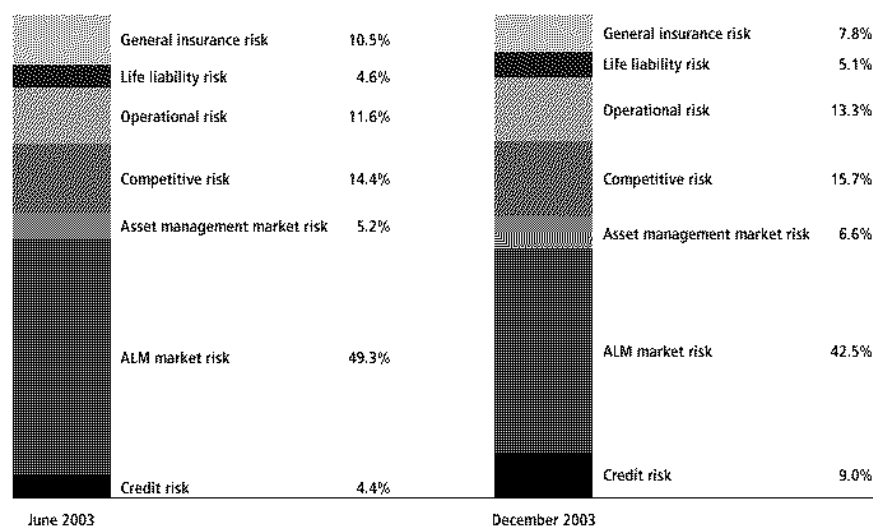
AMP calculates risk capital every six months on a stand alone, business unit and consolidated basis. The chart below provides details on the split of stand alone risks within demerged AMP and the relative scale of risk between June 2003 and December 2003.

A change in methodology from a loss based to a value based calculation has seen credit risk increase.

ALM market risk has reduced with a more conservative asset mix in AMP Life statutory fund No. 1.

General insurance risk has reduced in line with the portfolio run off and reduced volatility of outstanding claims.

Stand alone risk type – risk capital values¹



¹ Stand alone risk capital values reduced by 5% from June 2003 to December 2003. Brief definitions of the risk types are detailed on page 30.

Capital management – assets backing shareholder capital resources

A\$m	31 December 2003	31 December 2002
International equities	223	227
Domestic equities	996	937
Other growth assets	274	302
International fixed interest	259	949
Domestic fixed interest	564	642
Cash	4,488	1,619
Total demerged AMP managed assets	6,804	4,676
AMP Ltd holding in HHG	261	–
Other	(19)	(37)
Tangible capital resources	7,046	4,639
Intangibles	796	666
Total demerged AMP shareholder capital resources	7,842	5,305
HHG shareholder capital resources		8,157
Total AMP shareholder capital resources	7,842	13,462
Growth assets/managed assets – actual	22%	31%
Growth assets/managed assets – adjusted ¹	27%	

1 The adjusted ratio assumes full repayment of the RPS.

Cash has increased substantially as a result of the various capital raisings over the year, partially offset by the cash injections into HHG as part of the demerger. It includes A\$1,173m of cash held for repayment of the RPS and accrued interest, which were repaid on 14 January 2004. It also includes over A\$1.2b available for the repayment of external debt announced on 23 February 2004.

AMP Ltd holding in HHG represents the market value as at 31 December 2003 of AMP Limited's 11.04% corporate holding in HHG post demerger and HHG capital raising.

International fixed interest for 2002 includes admissible assets held by the AMP Life statutory funds in HHG of A\$706m, which were repaid during 2003 as part of AMP's demerger transactions.

Debt overview

A\$m	31 December 2003			31 December 2002		
	Corporate	Operational ¹	Total	Corporate	Operational	Total
Subordinated bonds/notes	699	100	799	840	472	1,312
AMP income securities	1,240		1,240	1,240		1,240
Total subordinated debt	1,939	100	2,039	2,080	472	2,552
Domestic commercial paper and NCDs		218	218		2,432	2,432
Euro commercial paper				90	472	562
Euro medium term notes	1,224		1,224	1,584	379	1,963
Domestic medium term notes		400	400		498	498
Other				34		34
Total senior debt	1,224	618	1,842	1,708	3,781	5,489
Loans					232	232
Deposits-in		1,559	1,559		2,413	2,413
Other					3	3
Total debt	3,163	2,277	5,440	3,788	6,901	10,689
Corporate gearing ratios – actual²						
Gearing – debt/(debt + equity)	17%			13%		
Gearing – debt/equity	90%			44%		
Interest cover (times) – actual²	7.4			3.5		
Underlying interest cover (times) – actual²	7.3			5.4		
Corporate gearing ratios – adjusted³						
Gearing – debt/(debt + equity)	27%					
Gearing – debt/equity	90%					
Interest cover (times) – adjusted³	5.0					
Underlying interest cover (times) – adjusted³	4.9					

1 Operational debt is debt raised to fund the operations of subsidiaries (refer to Accounting Treatment and definitions page 30).

2 These are based on interest expense and profit for demerged AMP as per page 5, which include interest costs on corporate debt transferred from HHG from 12 December 2003 only.

3 These adjusted figures assume full repayment of the RPS and full year interest costs on debt transferred from HHG.

Total corporate debt decreased primarily due to the repayment of A\$90m Euro commercial paper, £40m Euro medium term notes and currency movements from the strengthening of the A\$ against the £.

In 2H 03, AMP implemented a variety of hedging strategies to minimise future foreign exchange movements on its corporate debt.

Going forward, AMP expects to reduce its gearing well below the adjusted levels shown above, in line with the repayment of over A\$1.2b of external debt announced on 23 February 2004.

Operational debt as at 31 December 2003 related wholly to AMP Bank. It has decreased by A\$4,624m as a result of further securitisation and the sale of various AMP Banking portfolios.

Reconciliation of AMP's total borrowing as per AMP Limited 2003 Full Financial Report, notes 16 and 17.

Total corporate and operational debt as above	A\$5,440m
Plus policyholder obligations	A\$3,471m
Total borrowings as per AMP Limited 2003 Full Financial Report	A\$8,911m

Policyholder obligations include debt financing relating to AMP Life's investment in AMP Capital Investors' Diversified Utility and Energy Trusts.

The RPS are included as a liability in the AMP Ltd 2003 Full Financial Report as their repayment was known as at 31 December 2003. In this report, they are treated as hybrid equity, consistent with historical treatment.

AMP profit sensitivities

FY 03 profit sensitivities (A\$m)	Operating margins	Investment income	Total
Economic variables			
5% increase in Australian equities	9	30	39
1% (100bps) decrease in 10 year Australian bond yields	(6)	13	7
Business variables			
<i>AMP Financial Services</i>			
5% increase in AUM	29		
5% increase in sales volumes	6		
1% increase in persistency levels	6		
5% increase in Australian contemporary superannuation fees	13		
<i>AMP Capital Investors</i>			
5% increase – average external AUM	3		
5% increase – average internal AUM	4		
<i>Demerged AMP</i>			
5% reduction in controllable costs	28		

The table illustrates the sensitivity of AMP's 2003 profit (after income tax before other items) to various economic and business variables.

These sensitivities are at best 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 FY 03 position, ie not "forward looking", and make no allowances for events subsequent to 31 December 2003
- in general, they assume that movement occurs evenly over the year.

Other assumptions include:

- parent company shareholder equity is fully invested and there are no adjustments for investments which are outside index weightings
- only movements in local equities are included
- currency movements in investments in self-sustaining operations do not impact profit
- controllable cost reductions are assumed to arise in the business support operations
- the sales sensitivity assumes the same product mix as that underlying sales during FY 03, and mainly reflects profit arising in the service companies.

Under MoS accounting, non-investment experience has an immediate impact on life margins for the current period. Investment experience has a different impact on life margins:

- 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 fraction of the impact is recognised in the current reporting period and is shared between policyholders and shareholders
- for risk and annuity business, movements in asset values have little impact on profit unless assets and liabilities are mismatched, in which case the impact of mismatching is fully recognised in the current reporting period
- for linked business, fee income is mainly based on the levels of AUM, which in turn is directly impacted by investment markets.

Summary of significant items

Demerged AMP

Other one off items

After income tax A\$m	FY 03	2H 03	1H 03
Superannuation fund top-up	(51)	(20)	(31)
FITB tax benefit	61	61	—
Cost base uplift	44	44	—
Separation adjustment provision	(34)	(34)	—
Total	20	51	(31)

In 2H 03, additional employer contributions were provided for the AMP Officers Provident Fund, in accordance with its funding requirements.

Gordian recorded a one off net FITB tax benefit.

Corporate Office recorded a one off tax benefit due to a cost base uplift, for AFS (A\$25m), AMPCI (A\$18m) and Gordian (A\$1m).

Separation adjustment is a provision against the settlement of outstanding issues in accordance with the demerger deed.

Asset sales

After income tax A\$m	FY 03	2H 03	1H 03
AMPCI	(3)	36	(39)
Cogent	(28)	—	(28)
Total	(31)	36	(67)

AMPCI:

Net loss of A\$3m incurred on the transfer of management rights in AMP Diversified Trust (loss of A\$34m), AMP Industrialised Trust (gain of A\$4m) and AMP Office Trust (gain of A\$27m).

Cogent:

During 2H 02, AMP concluded the sale of Cogent to BNP Paribas and HGI UK Private Asset Management. Under both of those agreements, provision was made for a final payment by the purchasers which was dependent on a variety of factors. More information was provided in the FY 02 investor report page 33.

Valuation adjustments

As documented in the 1H 03 investor report, the dealer groups (including AMP Financial Planning and Hillross Financial Planning Limited) have been revalued by Directors' valuation up by A\$242m in aggregate at 31 December 2003 in the books of AMP Life Limited in accordance with AASB 1038.

In addition, A\$4m was recorded as a result of the write down of the Japan business.

Gordian Run Off has been revalued down by A\$70m.

AMP Group

Loss on demerger

AMP has recognised a loss on demerger of A\$3,585m in its consolidated financial statements. On 12 December 2003, AMP's UK operations were demerged and the loss was calculated as the difference between the net assets of the UK operations attributable to the shareholders of AMP Limited, and the fair value of the UK operations.

For the purpose of proforma financial statements included in the EM and the related intercompany transactions completed as part of the demerger, the loss on demerger was calculated as the difference between the net assets of the UK operations prior to demerger (30 June 2003 net assets, adjusted for demerger transactions, of A\$5.7b) and the Directors' valuation of A\$3.2b, giving a proforma loss on demerger of A\$2.5b.

The final loss on demerger reflects the trading results of the UK operations for the second half, exchange rate movements up until the date of the demerger and is determined by a market based valuation of HHG following the demerger.

The market based valuation is based on the average of the first 15 daily VWAP (share prices) for HHG between 23 December 2003 and 15 January 2004, together with an adjustment for the dilution effect of HHG's own capital raising. This methodology has resulted in an additional loss on demerger of A\$1.1b.

Demerger and HHG restructuring costs

After income tax A\$m	FY 03	2H 03	1H 03
Demerger	(193)	(82)	(111)
Restructuring	(233)	—	(233)

As stated in the EM, costs relating to the demerger include communication with policyholders and shareholders on details of the demerger, costs of establishing independent entities, professional and advisors fees and the cost of producing and distributing the EM.

HHG restructuring costs include provisions for void space, restructure and employee retention arrangements and the UK cost management program.

Demerged entities

After income tax A\$m	FY 03	2H 03	1H 03
HHG	(2,193)	(7)	(2,186)

As documented in 1H 03 (see 1H 03 investor report page 34) a loss of A\$2,268m from the UK write downs and additional provisions were recorded.

AMP Limited - major ASX announcement index for 2H 03

Announcement date	Subject	Announcement no.		
July	14	AMP announces Share Purchase Plan pricing	75/03	
	30	AMP Banking sells Australian construction finance loans to SML	85/03	
August	6	Update on changes to AMP Henderson Listed Property Trusts	87/03	
	8	AMP settles GIO class action	89/03	
	8	AMP comments on ratings	90/03	
	11	AMP provides update on demerger proposal	91/03	
	20	AMP statement (half year result) – writedowns lead to bottom line loss	94/03	
	21	Open briefing with AMP CEO Andrew Mohl	97/03	
	25	AMP announces new directors	98/03	
	26	GIO settlement approved	99/03	
September	27	AMP comment on share purchase	100/03	
	28	AMP comments on purchase of strategic stake by National Australia Bank	102/03	
	8	Media reports of capital raising – AMP comment on the refinancing of the RPS	108/03	
	16	Update on demerger proposal	112/03	
	October	10	AMP receives regulatory approvals for demerger	115/03
		10	AMP announces capital structures for demerged entities	116/03
		15	AMP seeks trading halt in securities	120/03
		16	Part 1 – AMP's Explanatory Memorandum receives Court approval Part 2 – AMP outlines future direction and structure Part 3 – HHG PLC outlines strategic direction	121/03
16		Proposal to demerge – Explanatory Memorandum presentation and overview	124/03	
17		AMP Rights Offer Prospectus lodged	126/03	
17		Technical seminar on Embedded Value	127/03	
28		Shareholder News re Demerger update	133/03	
November	30	AMP CEO address to the Securities Institute	136/03	
	5	AMP to retain Cobalt/Gordian business	137/03	
	7	HHG PLC UK GAAP HY03 Report and accounts	138/03	
	18	Speech by Craig Dunn, Managing Director AMP Financial Services	141/03	
	19	AMP CEO address to Brisbane Securities Institute Lunch – the future of AMP	142/03	
	20	Judicial advice to be sought on AMP Income Securities	143/03	
	26	Presentation on AMP Financial Services	146/03	
	27	Open briefing - interview with Craig Dunn	148/03	
December	28	Part One – HHG PLC releases UK Listing Particulars and confirms intention to raise at least £100m of new capital at LSE listing Part Two – AMP Limited Supplementary Document Part Three – AMP Limited Supplementary Prospectus Part Four – HHG PLC UK Listing Particulars	149/03	
	2	AMP CEO address to Sydney Securities Institute Lunch – Bringing AMP back home	150/03	
	9	Address by AMP Chairman Peter Wilcox to AMP's Extraordinary General Meeting	151/03	
	9	AMP shareholders overwhelmingly approve demerger proposal	152/03	
	9	Results of the AMP Limited General Meeting and Scheme Meeting held on 9 December 2003	153/03	
	12	Demerger set to proceed following Court approval	157/03	
	12	HHG PLC lodges prospectus with ASIC	158/03	
	15	Almost 140,000 shareholders participate in AMP Rights Offer	159/03	
15	Changes to AMP Board of Directors	160/03		
	17	AMP announces institutional book build outcome and Rights Offer issue price	161/03	
	19	HHG PLC confirms timetable to listing	163/03	
	22	HHG PLC result of the Global Offer	165/03	
	22	AMP comments on HHG Global Offer	167/03	
	22	Update on AMP Income Securities	168/03	
		Part 1 – Supplementary Prospectus relating to the AMP Limited Rights Offer Prospectus Part 2 – Supplementary Prospectus relating to the Prospectus of HHG PLC in relation to the Global Offer of HHG shares Part 3 – Supplementary Listing Particulars relating to HHG PLC	169/03	
	22			
	23	Share cancellation number advised	170/03	
	23	Redemption of Reset Preferred Securities	171/03	

This summary excludes administrative type announcements, eg changes in directors' interests, substantial holding, etc.

All announcements are available at ampgroup.com

Accounting treatment and definitions

Capital treatment: regulatory, ratings and risk

Continuum of capital	Regulatory (as described by APRA regulations)	Ratings (Standard & Poor's)	Risk
Equity	Counted as capital	Counted as capital ¹	Counted as capital
Hybrid	Up to 25% equity	Up to 15% of modified TAC plus allowable hybrid ²	Counted as capital ³
Upper Tier 2	Up to 100% Tier 1	Considered under hybrid	n/a
Lower Tier 2	(Lower Tier 2 cannot exceed 50% Tier 1)	Considered under hybrid	n/a
Senior debt	Not counted as capital	Not counted as capital	Not counted as capital

1 Includes minority interest.

2 TAC = total adjusted capital as defined by Standard & Poor's rating agency.

3 To the extent it has deferrable coupons.

Risk types in AMP and business units

Market risk			Competitive risk	Operational risk	Insurance risk	
Credit risk	Asset & liability mismatch market risk	Asset management market risk	Competitive risk	Operational risk	Life liability risk	General insurance risk
Losses due to borrower defaults or downgrades.	Mismatch in timing of asset and liability cashflows due to market movements.	Economic losses due to fall in AUM from market movements.	Reduction in fair value due to lapses, expenses and margins.	Losses due to people, process events, eg litigation, fraud, process and control failure etc.	Losses resulting from misestimation of actuarial life and morbidity expectations.	Actual claims are greater than reserves held.

AMP Group RoE ~ AMP Group return on equity is calculated as profit after income tax and before other items, divided by shareholder equity (pre 2003 revaluations) as at 31 December 2003. The opening shareholder equity cannot be split between demerged AMP and the AMP Group during the period. Going forward, the calculation will revert to the average monthly shareholder equity for the period.

AMP Group RoE (underlying) ~ AMP Group return on equity (underlying) is calculated as AMP Group underlying contribution divided by shareholder equity (pre 2003 revaluations) as at 31 December 2003. The opening shareholder equity cannot be split between demerged AMP and the AMP Group during the period. Going forward, the calculation will revert to the average monthly shareholders equity for the period.

AMP Group RoIC ~ AMP Group return on invested capital is calculated as profit after income tax and before other items, RPS distribution and interest expense on corporate debt divided by the AMP monthly average shareholder capital resources (pre 2003 revaluations) over the period.

AMP Group RoIC (underlying) ~ AMP Group return on invested capital (underlying) is calculated as AMP Group underlying contribution before RPS distribution and interest expense on corporate debt, divided by the AMP monthly average shareholder capital resources (pre 2003 revaluations) over the period.

Controllable costs ~ Include management and project costs and exclude variable distribution expenses, investment management fees and interest on corporate debt. AMP Banking controllable costs exclude provision for bad and doubtful debts as well as variable acquisition costs.

Cost to income ratio ~ Calculated as controllable expenses divided by gross margin. Gross margin = NPBT + controllable expenses. For AFS, profit before tax equals NPAT grossed up for an assumed 30% tax rate.

Debt:

- Corporate debt ~ Total group borrowings (including subordinated debt) less policyholder obligations and operational debt (mainly relating to AMP Banking)
- Operational debt ~ Debt raised to fund the operations of subsidiaries, either raised directly by the subsidiary or at a corporate level and passed directly to subsidiaries as debt.

Gearing ratios:

- Debt/(debt + equity) = (total corporate debt minus allowable hybrid Tier 2 instruments captured under corporate debt) divided by (total corporate debt plus hybrid equity, plus total equity attributable to ordinary shareholders)
- Debt/equity = total corporate debt divided by total equity attributable to ordinary shareholders.

Accounting treatment and definitions cont'd

Intangibles – Represent excess of market value over net assets of controlled activities (EMVONA) in AMP's books in respect of AMP Life financial planning controlled entities and amortised goodwill from the acquisition of GIO and Schroders Property Funds Management. The movement between periods reflects exchange rate fluctuations and updated valuations of AMP's subsidiaries.

Interest cover – Calculated as profit before income tax, other items, interest expense on corporate debt, RPS distribution and depreciation for FY 03 divided by interest expense on corporate debt before tax.

Interest cover (underlying) – Calculated as profit before income tax, investment income market adjustment, other items, interest expense on corporate debt, RPS distribution and depreciation, divided by interest expense on corporate debt before tax.

Minimum regulatory requirements – Minimum regulatory requirements are defined as shareholder net assets being used to meet the minimum capital requirements of all regulatory bodies which impact the business unit (eg APRA, ASIC). This is after taking account of any other resources eg policyholder retained profits.

The table on page 23 shows how shareholder capital meets minimum regulatory requirements.

NBI – New business index is calculated as 10 x regular life insurance premiums plus single premiums and unit contributions.

Operating margins – Represent shareholder attributable profits or losses that relate to the underlying performance of the business unit. The principles of MoS are used in reporting the results of AFS. Operating margins excludes investment earnings on shareholder capital and one off items such as transformation costs and asset sales.

Persistency ratio – Calculated as opening AUM less outflows during the period divided by opening AUM. AFS AUM numbers are adjusted to exclude shareholder/policyholder amounts so as to reflect true product AUM levels. These amounts included in opening AUM are A\$1.5b for contemporary and A\$2.4b for mature.

RoBUE – Return on BU equity is calculated as BU underlying operating profit after income tax (including underlying investment income) over the BU's monthly average tangible capital resources (pre 2003 revaluations and transfers) over the period. No allowance is made for the benefit of gearing, which occurs at AMP Group level.

RoIC – Return on invested capital is calculated as BU underlying operating profit after income tax (including underlying investment income) over the BU's monthly average invested capital (pre 2003 revaluations and transfers) over the period (ie net assets plus intangibles).

Shareholder capital resources – Total shareholder assets invested in AMP's BUs and Corporate Office including both tangible and intangible capital.

Tangible capital resources – As normally understood in an accounting sense but excluding intangibles, ie total shareholder assets invested in AMP's BUs and Corporate Office less intangibles.

Unattributed life funds – For those UK life insurance funds which include with-profit business, only 10% of the assets in excess of the policy and other liabilities calculated under MoS can, in the context of the UK regulatory environment, be definitively attributable to shareholders. The remaining 90% of the excess assets is deemed to be equity which is not specifically attributable to shareholders' or policyholders' interests, and is referred to as "unattributed life funds".

Underlying contribution – Calculated as total operating margins (which includes BU operating margins, discontinued business operating margins and Corporate Office costs not allocated to the BUs) less interest on corporate debt and RPS distribution plus underlying investment income.

Underlying investment income – The investment income on shareholder capital attributed to the BUs (including Corporate Office) has been normalised in order to bring greater clarity to the results and to eliminate the distorting impact of short term market volatility on underlying performance. The excess (or shortfall) between the underlying return and the actual investment income is disclosed separately. Underlying returns are set at risk premiums/discounts over the long term average government bond rates for Australia. These premiums/discounts are consistent with MoS best estimate assumptions. The long term average bond rates are set for a three year period but are reviewed annually. The investment income of Cobalt/Gordian is included in the BU underlying investment income, but is not normalised (doing so would not have a material impact) as the business is in run off.

MoS accounting

What is MoS accounting?

Margin on Services (MoS) is the financial reporting methodology used to report on the life insurance business of Australian companies. The use of MoS is prescribed by Actuarial Standard 1.03 (and its predecessors), a standard issued under the Australian Life Insurance Act 1995 (Life Act), and adopted under Australian Accounting Standard AASB 1038. It applies to all Australian life companies and to Australian companies with life insurance subsidiaries.

Under MoS, profit emerges on a more realistic basis than under traditional solvency based reporting methods. The profits that are expected to be earned on life insurance business emerge over the life of the business as services are provided and income received, hence the name Margin on Services.

Detailed description of MoS

MoS policy liabilities are ordinarily determined using a projection method, whereby estimates of policy cash flows (premiums, benefits, expenses and profit margins to be released in future periods) are projected into the future. The policy liability is calculated as the net present value of these projected cashflows.

The policy liabilities have two components:

- the best estimate liabilities (to cover future benefits and expenses, and allowing for future premiums)
- the value of future profit margins (based on the appropriate profit carrier).

No profit is normally recognised on inception of new business. Instead, profit margins on new business (after allowing for the recoverability of acquisition expenses) enhance the existing value of future profit margins, to be released over the future life of the business.

The expected profit margins are related to a profit carrier which best reflects the provision of services under the policy type concerned. Expected profits then emerge as a proportion of the chosen profit carrier.

MoS policy liabilities are calculated using best estimate assumptions about future conditions. In general, "best estimate" means that the assumptions are made having regard to available statistics or experience data relevant to the business, and are neither deliberately overstated nor deliberately understated. In the case of maintenance expenses, the assumption must be sufficient to cover the budgeted expenses in the following year.

If actual experience differs from that expected, the financial effects of these differences are recognised as experience profits or losses in addition to the expected profits.

Net investment earnings on retained profits and capital within a life fund are recognised immediately as profit in the reporting period.

All assets are valued at net market value. Consistent with this, the best estimate liability assumptions include a future investment earning rate that reflects the yield implicit in the value of the assets backing those liabilities.

The best estimate assumptions are reviewed and revised as necessary at each reporting date. Changes in best estimate assumptions generally do not result in changes in the policy liabilities and so do not immediately affect reported profit. Rather, the effect of changes in assumptions is absorbed in the value of future profit margins, to emerge in the future.

The exception is market related changes in the investment earning assumption for non-participating business. In this case, the policy liabilities are altered and, to the extent that such change is not matched by a similar movement in the value of assets, a profit or loss emerges.

Where future losses are expected (ie if profit margins would be negative), they must be recognised immediately. If a favourable change in assumptions subsequently occurs, or if profitable new business is written, previously recognised losses may be reversed before new profit margins are established.

For participating business, the profit carrier is the cost of bonus payments that are supported by the value of supporting assets (VSA). The VSA is an accumulation of the policy liabilities from the end of the previous period, augmented by the cost of bonuses actually declared, and including actual investment experience. The policy liabilities at the end of a reporting period are the VSA reduced by the cost of supportable bonuses and the associated shareholder profit margins due in the reporting period. In this way, the cost of supportable bonuses and profit margins emerge in the reporting period.

As an alternative to a best estimate projection, an accumulation method may be used to calculate MoS policy liabilities if it produces results which are not materially different. For investment products, the policy liability is the accumulation of amounts invested by policyholders, less fees specified in the policy, plus investment earnings. This accumulation may be adjusted to the extent that acquisition expenses are to be recovered from future margins between fees and expenses. A similar approach is used for some risk business except that the basic accumulation is the amount of unearned premium plus outstanding and unreported claims at the valuation date.

Where an accumulation method is used, the value of future profit margins is not calculated explicitly but is implicit in the total policy liability.

Definitions of business units and exchange rates

Demerged AMP

AFS Australia and New Zealand, AMP Capital Investors, Cobalt/Gordian and Australia Corporate Office.

AFS Australia and New Zealand

Life funds of AMP Life Limited, AFS business support operations, Hillcross, Australian Securities Administration Ltd (previously AMPPIL), AMP Banking (which includes Australia and the integrated operations of AMP Finance Limited, AMP GBS Limited, AMP/Ergo Mortgage and Savings Limited and Ergo Personal Financial Services Limited) and other AFS subsidiaries and AMP Sanmar (India) joint venture.

AMP Capital Investors

AMP's investment management operation in Australia and NZ, and as such captures an investment manufacturing margin on the Australasian wealth creation and protection businesses (in addition to the external manufacturing margin). In Australia, retail packaging and distribution operations are included primarily in AFS. AMP Capital Investors packages and distributes services to

wholesale (institutional) investors through its own in-house teams.

Cobalt/Gordian consists of:

Cobalt Insurance Run Off Services Ltd, reinsurance operations of Gordian Run Off Ltd (formerly GIO Insurance Ltd) and corporate general insurance.

Australia Corporate Office includes:

- Corporate Office operations of the demerged AMP
- corporate debt excluding operational debt
- RPS, a hybrid instrument issued in 2H 02.

Demerged entities – HHG consists of:

UK Financial Services, Henderson Global Investors – North, AMP's share of VirginMoney and Pearl GB non-core (previously in Discontinued Business) and UK Corporate Office.

Exchange rates		AUD/GBP	AUD/NZD
2003	FY 03 - closing	0.4209	1.1476
	- average	0.3961	1.1185
	2H 03 - closing	0.4209	1.1476
	- average	0.4123	1.1370
	1H 03 - closing	0.4064	1.1455
	- average	0.3814	1.1038
2002	FY 02 - closing	0.3498	1.0766
	- average	0.3607	1.1744

Embedded value assumptions

Assumptions used for the EV and VNB are consistent with the best estimate assumptions used in calculating Margin on Services (MoS) policy liabilities. These assumptions reflect the expenses charged to the life funds including fees to the service company.

Economic assumptions

Long term government bond yields used for the EV calculations are:

Annualised yields used	31 December 2003	31 December 2002
AFS (10 year bonds)	5.7%	5.2%

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

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

AFS	31 December 2003	31 December 2002
Local equities ^{1,2}	3.2%	3.5%
International equities ¹	2.3%	2.9%
Property	2.0%	2.4%
Corporate bonds	0.5%	0.5%
Other fixed interest	0.0%	0.0%
Cash (where significant)	-1.0%	-1.0%

1 For the "best estimate" approach used in MoS, risk premiums may be adjusted for the extent to which the relevant market is perceived to be under or over valued relative to bond markets.

2 An additional allowance of about 1% is made for franking credits on equity income.

For the purpose of setting investment assumptions, the broad asset mixes assumed for participating business at 31 December 2003 are:

AMP Life (Australia)	31 December 2003	31 December 2002
Equities	29%	33%
Property	16%	18%
Fixed interest	42%	34%
Cash	13%	15%

Annual inflation rates assumed are:

AFS	31 December 2003	31 December 2002
Inflation rate	2.2%	2.1%

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

Significant changes

Significant changes since 31 December 2002 to other assumptions for the life funds include:

Future maintenance expenses:

- the allocation of expenses between products and expense categories has been based on an updated expense analysis.

Voluntary discontinuance:

- rates for allocated annuities and investment linked retail superannuation products have increased by 2% pa, along with some reductions in rates for Corporate Superannuation business but increases for closed investment-linked riders.

Annuitant mortality:

- underlying mortality rates for Australian and New Zealand annuitants are about 1% lower than would have applied had assumptions not changed.

Disability:

- for disability income business, claim incidence rates have reduced by about 8% on average. Lump sum disability incidence rates have reduced by about 10%.

Insured lives mortality:

- mortality rates are about 3% lower for conventional business and riders.

Other assumptions

- (VNB only) acquisition expenses; unit costs are based on actual acquisition expenses. Unit costs vary by product line and class of business based on an apportionment which is supported by expense analyses.
- Franking credits are valued at 70% of face value.
- The value placed on the service company is equivalent to the incremental EV and VNB that would result if those calculations included the value of expected profits arising from the service company, ignoring potential unit cost improvements arising after 2004.

Further details

For the life funds, a fuller description of the assumptions and their values can be found in the notes to the 2003 AMP Ltd Financial Report.

As all business is projected for the EV, the description of the assumptions in the notes applies even where that business is not valued by projection methods under MoS.

As shareholder profits and transfers for participating business are related to policyholder profits and bonuses, EV methodology requires projections of future bonuses based on the experience assumptions. Note 24(e)(iii) in the 2003 AMP Ltd Full Financial Report, on future participating benefits, describes the method by which bonuses are projected for EV purposes in AFS.

2003 Financial results

	FY 03	Underlying + investment income	BU underlying result	Business + restructuring	Other one off items	Asset sales	Valuation + adjustments	BU result
Analysis of operating results (\$m)								
AMP Financial Services	411	169	580	(30)	—	—	242	792
AMP Capital Investors	68	7	75	(7)	—	(3)	—	65
Cobalt/Gordian	58	(14)	44	—	61	—	(70)	35
Total BU operating margins	537							
Discontinued businesses	5							
Corporate Office costs	(34)	48		(39)	(41)	(28)	(4)	
Total operating margins	508							
Underlying investment income	210	210						
Interest expense on corporate debt ¹	(106)							
Distribution on reset preferred securities	(3)							
Underlying contribution	609							
Investment income market adjustment	10							
Profit after income tax before other items	619							
Business restructuring – demerged AMP	(76)			(76)				
Other one off items – demerged AMP	20				20			
Asset sales – demerged AMP	(31)					(31)		
Valuation adjustments – demerged AMP	168						168	
Goodwill amortisation – demerged AMP	(38)							
Net profit after income tax – demerged AMP	662							
Loss on demerger – HHG	(3,585)							
Demerger costs	(193)							
Business restructuring – HHG	(233)							
Demerged entities – HHG	(2,193)							
Consolidated net loss after income tax – AMP Group	(5,542)							

¹ Interest expense on corporate debt includes interest expense on corporate debt transferred from HHG from 12 December 2003 (\$3m). An interest expense, from 1 January 2003 to 12 December 2003, of \$551m was incurred by HHG and is recorded in demerged entities – HHG. From 2004, the interest expense from the Euro medium term notes will be included in interest expense on corporate debt for demerged AMP.

	31 December 2003	30 June 2003	31 December 2002
Total shareholder capital resources (\$m)			
Equity			
Share capital	5,533	6,423	5,001
Capital reserve	510	510	510
Equity contribution reserve	1,019	—	—
Foreign currency translation reserve	(9)	(410)	361
Retained profits	61	502	2,661
Demerger loss reserve	(3,585)	—	—
Total equity attributable to ordinary shareholders	3,529	7,025	8,533
Hybrid equity (RPS)	1,150	1,140	1,141
Total equity attributable to ordinary shareholders plus hybrid equity	4,679	8,165	9,674
External corporate debt	3,163	3,347	3,788
Total shareholder capital resources	7,842	11,512	13,462
HHG shareholder capital resources		(4,846)	(8,157)
Total demerged AMP shareholder capital resources	7,842	6,666	5,305

Independent review statement

Independent review report of selected information contained in the AMP Limited Investor Report for the full year ended 31 December 2003

To management of AMP Limited

Scope

The Investor Report and managements' responsibility

The management of AMP Limited is responsible for the Investor Report including pages 34 and 35.

Review approach

We have conducted an independent review of the financial information set out on pages 34 and 35 of the Investor Report of AMP Limited for the year ended 31 December 2003. We have performed the review of the financial information set out on pages 34 and 35 of the Investor Report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial information on pages 34 and 35 of the Investor Report is not materially consistent with the definitions of operating margins, underlying investment income and shareholder capital resources set out on page 31 or that the embedded value assumptions as stated on page 34 are not reasonable for their intended purpose. We disclaim any assumption of responsibility for any reliance on this review report or on pages 34 and 35 of the Investor Report to which it relates to any person other than management of AMP Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to review of the reconciliation of financial information to the Financial Report of AMP Limited, review of the determination of the operating margins, underlying investment income and shareholder capital resources in accordance with the definitions set out on page 31, review of AMP Limited's documentation to support the embedded value assumptions, inquiries of AMP Limited's personnel and analytical procedures applied to the financial data. 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.

Independence

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

Statement

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the financial information set out on pages 34 and 35 of the Investor Report of AMP Limited for the year ended 31 December 2003 is not materially consistent with the definitions of operating margins, underlying investment income and shareholder capital resources as set out on page 31. Further, nothing has come to our attention that causes us to believe that the embedded value assumptions as stated on page 34 are not reasonable for their intended purpose.



Ernst & Young
Sydney
4 March 2004