

FINANCIAL STATEMENTS

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$m	\$m
Premium revenue	5	7,858	7,621
Outwards reinsurance premium expense	6	(620)	(556)
Net premium revenue (i)		7,238	7,065
Claims expense	6	(8,493)	(5,898)
Reinsurance and other recoveries revenue	5	3,404	826
Net claims expense (ii)	11	(5,089)	(5,072)
Acquisition costs	6	(1,009)	(1,054)
Other underwriting expenses	6	(721)	(761)
Fire services levies	6	(248)	(239)
Underwriting expenses (iii)		(1,978)	(2,054)
Underwriting profit/(loss) (i) + (ii) + (iii)		171	(61)
Investment income on assets backing insurance liabilities	5	508	574
Investment expenses on assets backing insurance liabilities	6	(19)	(20)
Insurance profit/(loss)		660	493
Investment income on equity holders' funds	5	222	200
Fee and other income	5	264	160
Share of net profit/(loss) of associates	5	(8)	3
Finance costs	6	(86)	(88)
Fee based, corporate and other expenses	6	(434)	(359)
Net income attributable to non-controlling interests in unitholders' funds	6	(4)	(7)
Profit/(loss) before income tax		614	402
Income tax (expense)/credit	7	(276)	(212)
Profit/(loss) for the year		338	190
OTHER COMPREHENSIVE INCOME AND (EXPENSE), NET OF TAX			
Actuarial gains and (losses) on defined benefit arrangements		7	(3)
Net movement in foreign currency translation reserve		(4)	28
Net movement in hedging reserve		-	1
Income tax (expense)/credit on other comprehensive income and (expense)		(46)	(30)
Other comprehensive income and (expense), net of tax		(43)	(4)
Total comprehensive income and (expense) for the year, net of tax		295	186
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO			
Equity holders of the Parent		250	91
Non-controlling interests		88	99
Profit/(loss) for the year		338	190
TOTAL COMPREHENSIVE INCOME AND (EXPENSE) FOR THE YEAR ATTRIBUTABLE TO			
Equity holders of the Parent		207	87
Non-controlling interests		88	99
Total comprehensive income and (expense) for the year, net of tax		295	186
	NOTE	CONSOLIDATED	
		2011	2010
		cents	cents
EARNINGS PER SHARE			
Basic earnings per ordinary share	9	12.08	4.39
Diluted earnings per ordinary share	9	12.01	4.36

The above statement of comprehensive income should be read in conjunction with the notes to the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$m	\$m
ASSETS			
Cash held for operational purposes	23	509	416
Investments	15	11,893	11,734
Premium receivable	16	2,081	2,046
Inventories		1	1
Trade and other receivables	16	560	663
Defined benefit superannuation asset		1	-
Current tax assets		-	5
Reinsurance and other recoveries on outstanding claims	12	3,904	1,488
Prepayments		30	36
Deferred levies and charges		142	137
Deferred outwards reinsurance expense		371	258
Deferred acquisition costs	13	683	688
Deferred tax assets	7	311	302
Property and equipment	17	284	302
Investment in joint ventures and associates	26	284	283
Intangible assets	18	225	301
Goodwill	19	1,644	1,782
Total assets		<u>22,923</u>	<u>20,442</u>
LIABILITIES			
Trade and other payables	20	826	1,037
Reinsurance premium payable		204	239
Restructuring provision		10	22
Current tax liabilities		280	84
Unearned premium liability	14	4,355	4,207
Non-controlling interests in unitholders' funds		184	122
Lease provision		37	39
Employee benefits provision	27	275	298
Deferred tax liabilities	7	12	35
Outstanding claims liability	11	10,783	8,253
Interest bearing liabilities	21	1,377	1,450
Total liabilities		<u>18,343</u>	<u>15,786</u>
Net assets		<u>4,580</u>	<u>4,656</u>
EQUITY			
Share capital		5,353	5,353
Treasury shares held in trust		(57)	(58)
Reserves		(84)	(34)
Retained earnings		(795)	(775)
Parent interest		4,417	4,486
Non-controlling interests		163	170
Total equity		<u>4,580</u>	<u>4,656</u>

The above balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED	SHARE CAPITAL \$m	TREASURY SHARES HELD IN TRUST \$m	FOREIGN CURRENCY TRANSLATION RESERVE \$m	SHARE BASED REMUNERATION RESERVE \$m	HEDGING RESERVE \$m	RETAINED EARNINGS \$m	NON-CONTROLLING INTERESTS \$m	TOTAL EQUITY \$m
2011								
Balance at the beginning of the financial year	5,353	(58)	(61)	27	-	(775)	170	4,656
Profit/(loss) for the year	-	-	-	-	-	250	88	338
Other comprehensive income and (expense)	-	-	(48)	-	-	5	-	(43)
Total comprehensive income/(expense) for the year	-	-	(48)	-	-	255	88	295
Transactions with owners in their capacity as owners								
Shares acquired and held in trust	-	(14)	-	-	-	-	-	(14)
Share based payment expense recognised	-	-	-	18	-	-	-	18
Share based remuneration vested	-	15	-	(13)	-	(2)	-	-
Share based remuneration lapsed	-	-	-	(7)	-	7	-	-
Non-controlling interests in acquisitions during the year	-	-	-	-	-	-	2	2
Dividends determined and paid	-	-	-	-	-	(281)	(97)	(378)
Dividends received on treasury shares held in trust	-	-	-	-	-	1	-	1
Balance at the end of the financial year	<u>5,353</u>	<u>(57)</u>	<u>(109)</u>	<u>25</u>	<u>-</u>	<u>(795)</u>	<u>163</u>	<u>4,580</u>
2010								
Balance at the beginning of the financial year	5,326	(55)	(58)	48	(1)	(589)	165	4,836
Profit/(loss) for the year	-	-	-	-	-	91	99	190
Other comprehensive income and (expense)	-	-	(3)	-	1	(2)	-	(4)
Total comprehensive income/(expense) for the year	-	-	(3)	-	1	89	99	186
Transactions with owners in their capacity as owners								
Shares issued under Dividend Reinvestment Plan	27	-	-	-	-	-	-	27
Shares acquired and held in trust	-	(23)	-	-	-	-	-	(23)
Share based payment expense recognised	-	-	-	25	-	-	-	25
Share based remuneration vested	-	20	-	(26)	-	6	-	-
Share based remuneration lapsed	-	-	-	(20)	-	20	-	-
Non-controlling interests in acquisitions during the year	-	-	-	-	-	-	(9)	(9)
Dividends determined and paid	-	-	-	-	-	(301)	(85)	(386)
Balance at the end of the financial year	<u>5,353</u>	<u>(58)</u>	<u>(61)</u>	<u>27</u>	<u>-</u>	<u>(775)</u>	<u>170</u>	<u>4,656</u>

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Premium received		8,020	7,845
Reinsurance and other recoveries received		1,056	801
Claims costs paid		(5,991)	(5,514)
Outwards reinsurance premium expense paid		(768)	(495)
Dividends received		40	22
Interest and trust distributions received		601	534
Finance costs paid		(84)	(87)
Income taxes refunded		6	88
Income taxes paid		(150)	(138)
Other operating receipts		980	1,025
Other operating payments		(3,090)	(2,966)
Net cash flows from operating activities	23	<u>620</u>	<u>1,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows on acquisition of subsidiaries and associates		(37)	(142)
Proceeds from disposal of investments and property and equipment		9,123	13,791
Outlays for investments and property and equipment		(9,048)	(14,498)
Net cash flows from investing activities		<u>38</u>	<u>(849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Outlays for purchase of treasury shares		(14)	(23)
Proceeds from issue of trust units		133	163
Outlays for redemption of trust units		(75)	(126)
Proceeds from borrowings		-	272
Repayment of borrowings		(4)	(406)
Dividends paid to IAG equity holders*		(281)	(301)
Dividends paid to non-controlling interests		(97)	(85)
Proceeds from issue of shares*		-	27
Dividends received on treasury shares		1	-
Net cash flows from financing activities		<u>(337)</u>	<u>(479)</u>
Net movement in cash held		321	(213)
Effects of exchange rate changes on balances of cash held in foreign currencies		(42)	(16)
Cash and cash equivalents at the beginning of the financial year		<u>1,053</u>	<u>1,282</u>
Cash and cash equivalents at the end of the financial year	23	<u><u>1,332</u></u>	<u><u>1,053</u></u>

* Includes dividends settled with shares under the Dividend Reinvestment Plan for the 2009 final dividend paid 2 October 2009 (refer to the dividend note).

The above cash flow statement should be read in conjunction with the notes to the financial statements.