

HOW WE'VE PERFORMED

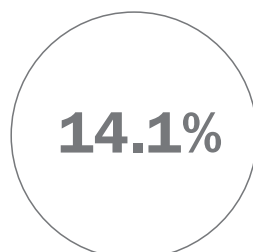
HIGHLIGHTS

NET PROFIT AFTER TAX



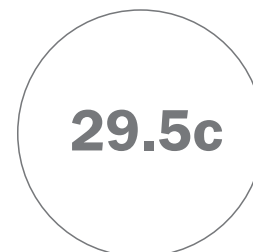
Net profit after tax of \$759 million was achieved.

INSURANCE MARGIN



Insurance margin of 14.1% was the Group's second-highest insurance margin since listing[^].

TOTAL DIVIDENDS PER SHARE EXCLUDING SPECIAL DIVIDEND



Dividends per share of 29.5 cents was achieved, compared with 26.5 cents in the previous year.

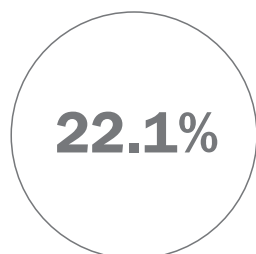
OPERATIONAL HIGHLIGHTS

	2005*	2006
Gross written premium The total amount we received from customers for the payment of their insurance policies.	\$6,673m	\$6,435m
Net earned premium The portion of premiums written which relate to the financial year, minus the reinsurance expense.	\$6,144m	\$6,132m
Net claims expense The amount paid out in claims during the year, as well as an estimate of how much we need to pay on unsettled claims, plus claims handling costs such as legal and administrative expenses, less recoveries from reinsurers and other parties.	(\$4,090m)	(\$3,900m)
Underwriting expenses The costs associated with researching risk and determining appropriate premiums, underwriting, administering the policy information required to run the business, marketing, commissions, distribution, fire services levies and meeting the Group's compliance requirements.	(\$1,624m)	(\$1,699m)
Underwriting result The profit or loss we make from our premium income before we consider related investment income.	\$430m	\$533m
Investment returns from claims reserves The income received from investing reserves held to pay future claims, net of expenses.	\$516m	\$310m
Insurance result The addition of our underwriting and investment returns from claims reserves.	\$946m	\$843m
Investment income on shareholders' funds The income received from investing our shareholders' funds.	\$455m	\$539m
Net profit attributable to shareholders The net result after allowing for income taxes and the share of profit owing to minority shareholders.	\$811m	\$759m

* The Group was required to adopt Australian equivalents of International Financial Reporting Standards (AIFRS) when preparing its financial report for the year ended 30 June 2006. For comparative purposes, results for the 2005 financial year have also been restated under AIFRS.

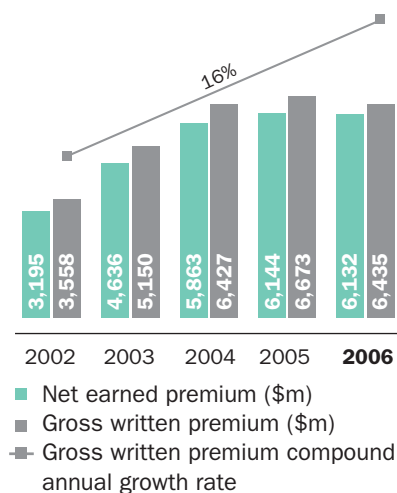
[^] Insurance margin is reported differently in the statutory financial statements, due to the reclassification of the Group's captive insurer's results from the consolidated operations back to the businesses from which the captive earned profits.

RETURN ON EQUITY

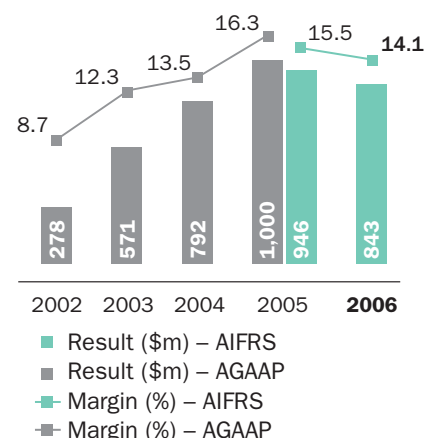


Return on equity of 22.1% (or 15.8% on a normalised basis) exceeded our target of 1.5 times our weighted average cost of capital.

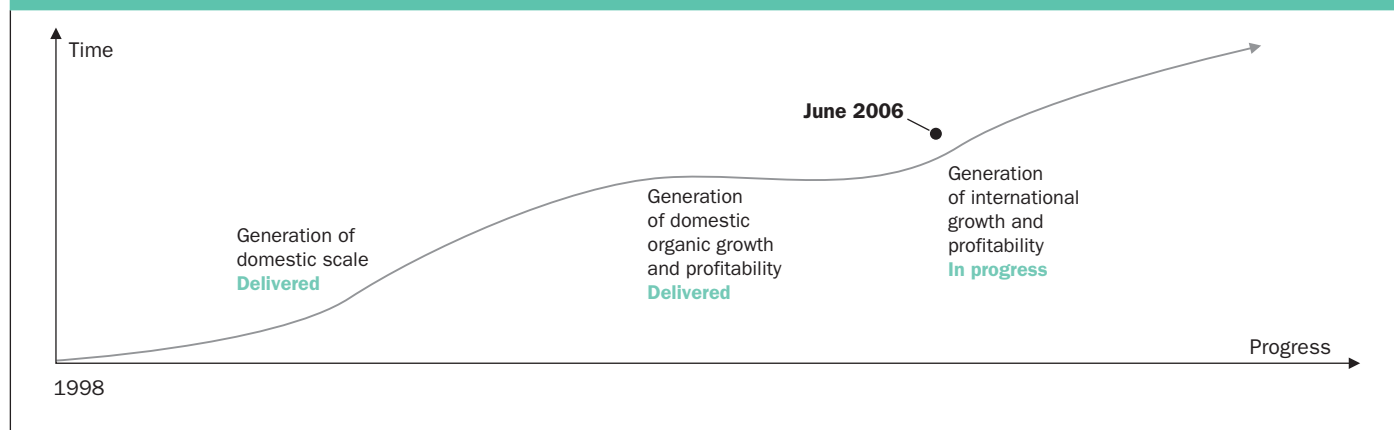
REVENUE GROWTH FOR THE YEAR ENDED 30 JUNE



INSURANCE RESULT AND MARGIN[^] FOR THE YEAR ENDED 30 JUNE



STRATEGY REMAINS ON TRACK



PERFORMED WELL AGAINST STRATEGIC FINANCIAL GOALS

Goals	Progress
Top quartile shareholder return	Measured from 1 January 2002, IAG's cumulative total shareholder return of 104.4% ranks it 25th of the companies in the S&P/ASX100 that operated throughout this period.
Return on equity of at least 1.5 times weighted average cost of capital	Return on equity exceeded goal.
Establish an Asian foothold	Acquired interests in Malaysia, Thailand and Singapore, and progressed a major transaction in China.
Maintain an 80:20 mix of short-tail: long-tail premiums	The Group's mix of short-tail and long-tail premiums remained at 81:19.
Maintain an 'AA' category rating	Maintained very strong 'AA' insurer financial strength ratings from S&P for our key wholly owned licensed insurers.