## STATEMENTS OF FINANCIAL PERFORMANCE

For the year ended 30 June 2003

<table>
<thead>
<tr>
<th>Notes</th>
<th>Parent $m</th>
<th>Parent $m</th>
<th>Consolidated $m</th>
<th>Consolidated $m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2002</td>
<td>2003</td>
<td>2002</td>
</tr>
<tr>
<td>Premium revenue</td>
<td>3(a)(i)</td>
<td>–</td>
<td>–</td>
<td>4,885</td>
</tr>
<tr>
<td>Reinsurance expense</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>(249)</td>
</tr>
<tr>
<td>Net premium revenue</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4,636</td>
</tr>
<tr>
<td>Claims expense</td>
<td>6,7</td>
<td>–</td>
<td>–</td>
<td>(3,743)</td>
</tr>
<tr>
<td>Reinsurance and other recoveries</td>
<td>3(a)(i)</td>
<td>–</td>
<td>–</td>
<td>380</td>
</tr>
<tr>
<td>Net claims expense</td>
<td>7</td>
<td>–</td>
<td>–</td>
<td>(3,363)</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>(700)</td>
</tr>
<tr>
<td>Other underwriting expenses</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>(241)</td>
</tr>
<tr>
<td>Fire brigade charges</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>(133)</td>
</tr>
<tr>
<td>Underwriting expenses</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,074)</td>
</tr>
<tr>
<td>Profit from underwriting</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>199</td>
</tr>
<tr>
<td>Investment income</td>
<td>3(a)(ii)</td>
<td>102</td>
<td>248</td>
<td>332</td>
</tr>
<tr>
<td>Realised gains/(losses) on investments</td>
<td>3(a)(ii)</td>
<td>–</td>
<td>45</td>
<td>1</td>
</tr>
<tr>
<td>Unrealised losses on investments</td>
<td>3(a)(ii)</td>
<td>–</td>
<td>–</td>
<td>(37)</td>
</tr>
<tr>
<td>Financial services revenue</td>
<td>3(a)(ii)</td>
<td>–</td>
<td>–</td>
<td>30</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>3(a)(iv)</td>
<td>–</td>
<td>–</td>
<td>177</td>
</tr>
<tr>
<td>Borrowing costs expense</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(46)</td>
</tr>
<tr>
<td>Life insurance business expenses</td>
<td>4,6</td>
<td>–</td>
<td>–</td>
<td>(11)</td>
</tr>
<tr>
<td>Corporate and administration expenses</td>
<td>6</td>
<td>–</td>
<td>–</td>
<td>(348)</td>
</tr>
<tr>
<td>Profit/(loss) from ordinary activities before income tax</td>
<td>5</td>
<td>102</td>
<td>293</td>
<td>297</td>
</tr>
<tr>
<td>Income tax credit/(expense)</td>
<td>9</td>
<td>4</td>
<td>(9)</td>
<td>(80)</td>
</tr>
<tr>
<td>Net profit/(loss)</td>
<td>–</td>
<td>106</td>
<td>284</td>
<td>217</td>
</tr>
<tr>
<td>Net profit/(loss) attributable to outside equity interests</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(64)</td>
</tr>
<tr>
<td>Net profit/(loss) attributable to shareholders of Insurance Australia Group Limited</td>
<td>–</td>
<td>106</td>
<td>284</td>
<td>153</td>
</tr>
<tr>
<td>Non-owner transaction changes in equity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue, expenses and valuation adjustments attributable to shareholders of Insurance Australia Group Limited recognised directly in equity</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total changes in equity from non-owner related transactions attributable to shareholders of the parent entity</td>
<td>–</td>
<td>106</td>
<td>284</td>
<td>153</td>
</tr>
<tr>
<td>Basic earnings per ordinary share</td>
<td>35(a)</td>
<td>–</td>
<td>–</td>
<td>8.65</td>
</tr>
<tr>
<td>Basic earnings per reset preference share</td>
<td>35(b)</td>
<td>–</td>
<td>–</td>
<td>587.36</td>
</tr>
<tr>
<td>Diluted earnings per ordinary share</td>
<td>35(a)</td>
<td>–</td>
<td>–</td>
<td>8.61</td>
</tr>
</tbody>
</table>

The above statements of financial performance are to be read in conjunction with the notes to the financial statements.