FINANCIAL STATEMENTS

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## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

<table>
<thead>
<tr>
<th>NOTE</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Premium revenue</td>
<td>5</td>
</tr>
<tr>
<td>Outwards reinsurance premium expense</td>
<td>6</td>
</tr>
<tr>
<td>Net premium revenue (i)</td>
<td></td>
</tr>
<tr>
<td>Claims expense</td>
<td>6</td>
</tr>
<tr>
<td>Reinsurance and other recoveries revenue</td>
<td>5</td>
</tr>
<tr>
<td>Net claims expense (ii)</td>
<td>11</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>6</td>
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<tr>
<td>Other underwriting expenses</td>
<td>6</td>
</tr>
<tr>
<td>Fire services levies</td>
<td>6</td>
</tr>
<tr>
<td>Underwriting expenses (iii)</td>
<td></td>
</tr>
<tr>
<td>Underwriting profit/(loss) (i) + (ii) + (iii)</td>
<td></td>
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<tr>
<td>Investment income on assets backing insurance liabilities</td>
<td>5</td>
</tr>
<tr>
<td>Investment expenses on assets backing insurance liabilities</td>
<td>6</td>
</tr>
<tr>
<td>Insurance profit/(loss)</td>
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<tr>
<td>Investment income on equity holders’ funds</td>
<td>5</td>
</tr>
<tr>
<td>Fee and other income</td>
<td>5</td>
</tr>
<tr>
<td>Share of net profit/(loss) of associates</td>
<td>5</td>
</tr>
<tr>
<td>Finance costs</td>
<td>6</td>
</tr>
<tr>
<td>Fee based, corporate and other expenses</td>
<td>6</td>
</tr>
<tr>
<td>Net income attributable to non-controlling interests in unitholders’ funds</td>
<td>6</td>
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<tr>
<td>Profit/(loss) before income tax</td>
<td></td>
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<tr>
<td>Income tax (expense)/credit</td>
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</tr>
<tr>
<td>Profit/(loss) for the year</td>
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### OTHER COMPREHENSIVE INCOME AND (EXPENSE), NET OF TAX

<table>
<thead>
<tr>
<th>NOTE</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Actuarial gains and (losses) on defined benefit arrangements</td>
<td>7</td>
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<tr>
<td>Net movement in foreign currency translation reserve</td>
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<tr>
<td>Net movement in hedging reserve</td>
<td></td>
</tr>
<tr>
<td>Income tax (expense)/credit on other comprehensive income and (expense)</td>
<td></td>
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<tr>
<td>Other comprehensive income and (expense), net of tax</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income and (expense) for the year, net of tax</td>
<td></td>
</tr>
</tbody>
</table>

### PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO

<table>
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<tr>
<th>NOTE</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
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<td></td>
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<tr>
<td>Equity holders of the Parent</td>
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</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) for the year</td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL COMPREHENSIVE INCOME AND (EXPENSE) FOR THE YEAR ATTRIBUTABLE TO

<table>
<thead>
<tr>
<th>NOTE</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Equity holders of the Parent</td>
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</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income and (expense) for the year, net of tax</td>
<td></td>
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</table>

### EARNINGS PER SHARE

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<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>Basic earnings per ordinary share</td>
<td>9</td>
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<tr>
<td>Diluted earnings per ordinary share</td>
<td>9</td>
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</table>

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**

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

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**

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

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**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Premium received</td>
<td>8,020</td>
</tr>
<tr>
<td>Reinsurance and other recoveries received</td>
<td>1,056</td>
</tr>
<tr>
<td>Claims costs paid</td>
<td>(5,991)</td>
</tr>
<tr>
<td>Outwards reinsurance premium expense paid</td>
<td>(768)</td>
</tr>
<tr>
<td>Dividends received</td>
<td>40</td>
</tr>
<tr>
<td>Interest and trust distributions received</td>
<td>601</td>
</tr>
<tr>
<td>Finance costs paid</td>
<td>(84)</td>
</tr>
<tr>
<td>Income taxes refunded</td>
<td>6</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(150)</td>
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<tr>
<td>Other operating receipts</td>
<td>980</td>
</tr>
<tr>
<td>Other operating payments</td>
<td>(3,090)</td>
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<tr>
<td>Net cash flows from operating activities</td>
<td>23</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Net cash flows on acquisition of subsidiaries and associates</td>
<td>(37)</td>
</tr>
<tr>
<td>Proceeds from disposal of investments and property and equipment</td>
<td>9,123</td>
</tr>
<tr>
<td>Outlays for investments and property and equipment</td>
<td>(9,048)</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Outlays for purchase of treasury shares</td>
<td>(14)</td>
</tr>
<tr>
<td>Proceeds from issue of trust units</td>
<td>133</td>
</tr>
<tr>
<td>Outlays for redemption of trust units</td>
<td>(75)</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(4)</td>
</tr>
<tr>
<td>Dividends paid to IAG equity holders*</td>
<td>(281)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(97)</td>
</tr>
<tr>
<td>Proceeds from issue of shares*</td>
<td>-</td>
</tr>
<tr>
<td>Dividends received on treasury shares</td>
<td>1</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td></td>
</tr>
<tr>
<td>Net movement in cash held</td>
<td>321</td>
</tr>
<tr>
<td>Effects of exchange rate changes on balances of cash held in foreign currencies</td>
<td>(42)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the financial year</td>
<td>1,053</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the financial year</td>
<td></td>
</tr>
</tbody>
</table>

* 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.