

Appendix 4B (rule 4.13(a))

Half yearly/preliminary final report

Introduced 1/12/97. Origin: Appendices 3, 4. Amended 1/7/98, 1/9/99, 1/7/2000.

Name of entity

NRMA Insurance Group Limited

ACN, ARBN or ARSN

60 090 739 923

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended ('current
period')

31 December 2000

Equity accounted results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

| | |
|--|--|
| Sales (or equivalent operating) revenue (<i>item 1.1</i>) | 1,808,963.4 |
| Abnormal items after tax attributable to members (<i>item 2.5</i>) | - |
| +Operating profit (loss) after tax (before amortisation of goodwill) attributable to members (<i>item 1.26</i>) | (16,574.7) |
| +Operating profit (loss) after tax attributable to members (<i>item 1.10</i>) | (17,067.8) |
| Extraordinary items after tax attributable to members (<i>item 1.13</i>) | - |
| +Operating profit (loss) and extraordinary items after tax attributable to members (<i>item 1.16</i>) | (17,067.8) |
| Dividends (distributions) | Amount per security |
| | Franked amount per security at 34% tax |
| Interim dividend (<i>Half yearly report only - item 15.6</i>) | 4¢ |
| Previous corresponding period (<i>half yearly report - item 15.7</i>) | N/A ¢ |
| +Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>) | 28 March 2001 |
| Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market: | |
| The consolidated entity was formed on 22 July 2000 when NRMA Insurance Group Limited acquired 100% of the share capital of NRMA Insurance Limited upon that company's demutualisation. There are therefore no comparative figures. | |

+ See chapter 19 for defined terms.

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Consolidated profit and loss account

| | Current period - \$A'000 | Previous corresponding period - \$A'000 |
|---|--------------------------|---|
| 1.1 Sales (or equivalent operating) revenue | 1,808,963.4 | - |
| 1.2 Share of associates' "net profit (loss) attributable to members" (equal to item 16.7) | - | - |
| 1.3 Other revenue | - | - |
| 1.4 +Operating profit (loss) before abnormal items and tax | (21,509.5) | - |
| 1.5 Abnormal items before tax (detail in item 2.4) | - | - |
| 1.6 +Operating profit (loss) before tax (items 1.4 + 1.5) | (21,509.5) | - |
| 1.7 Less tax | (15,415.4) | - |
| 1.8 +Operating profit (loss) after tax but before outside +equity interests | (6,094.1) | - |
| 1.9 Less outside +equity interests | 10,973.7 | - |
| 1.10 +Operating profit (loss) after tax attributable to members | (17,067.8) | - |
| 1.11 Extraordinary items after tax (detail in item 2.6) | - | - |
| 1.12 Less outside +equity interests | - | - |
| 1.13 Extraordinary items after tax attributable to members | - | - |
| 1.14 Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11) | (6,094.1) | - |
| 1.15 +Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12) | 10,973.7 | - |
| 1.16 +Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13) | (17,067.8) | - |
| 1.17 Retained profits (accumulated losses) at beginning of financial period | - | - |
| 1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description) | - | - |
| 1.19 Aggregate of amounts transferred from reserves | - | - |

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| | | |
|---|------------|---|
| 1.20 Total available for appropriation (<i>carried forward</i>) | (17,067.8) | - |
|---|------------|---|

Consolidated profit and loss account continued

| | | |
|--|-------------------|----------|
| 1.20 Total available for appropriation (<i>brought forward</i>) | (17,067.8) | - |
| 1.21 Dividends provided for or paid | - | - |
| 1.22 Aggregate of amounts transferred to reserves | - | - |
| 1.23 Retained profits (accumulated losses) at end of financial period | (17,067.8) | - |

Profit restated to exclude amortisation of goodwill

| | Current period \$A'000 | Previous corresponding period \$A'000 |
|--|---------------------------|---|
| 1.24 +Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill | (5,601.0) | - |
| 1.25 Less (plus) outside +equity interests | 10,973.7 | - |
| 1.26 +Operating profit (loss) after tax (before amortisation of goodwill) attributable to members | (16,574.7) | - |

Intangible, abnormal and extraordinary items

| | <i>Consolidated - current period</i> | | | |
|--|--------------------------------------|------------------------|---|---|
| | Before tax \$A'000 | Related tax \$A'000 | Related outside +equity interests \$A'000 | Amount (after tax) attributable to members \$A'000 |
| 2.1 Amortisation of goodwill | 493.1 | - | - | 493.1 |
| 2.2 Amortisation of other intangibles | 7,491.0 | - | - | 7,491.0 |
| 2.3 Total amortisation of intangibles | 7,984.1 | - | - | 7,984.1 |
| 2.4 Abnormal items | - | - | - | - |
| 2.5 Total abnormal items | - | - | - | - |
| 2.6 Extraordinary items | - | - | - | - |

+ See chapter 19 for defined terms.

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|-----|---------------------------|---|---|---|---|
| 2.7 | Total extraordinary items | - | - | - | - |
|-----|---------------------------|---|---|---|---|

+ See chapter 19 for defined terms.

| Consolidated balance sheet <i>(See note 5)</i> | | At end of current period \$A'000 | As shown in last annual report \$A'000 | As in last half yearly report \$A'000 |
|--|--|-------------------------------------|--|---|
| Current assets | | | | |
| 4.1 | Cash | 184,126.1 | - | - |
| 4.2 | Receivables | 1,208,832.1 | - | - |
| 4.3 | Investments | 2,905,414.5 | - | - |
| 4.4 | Inventories | 354.1 | - | - |
| 4.5 | Other | 204,571.5 | - | - |
| 4.6 | Total current assets | 4,503,298.3 | - | - |
| Non-current assets | | | | |
| 4.7 | Receivables | 1,160,441.5 | - | - |
| 4.8 | Investments in associates | - | - | - |
| 4.9 | Other investments | 6,258,034.4 | - | - |
| 4.10 | Inventories | - | - | - |
| 4.11 | Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022) | - | - | - |
| 4.12 | Development properties (+mining entities) | - | - | - |
| 4.13 | Other property, plant and equipment (net) | 80,714.1 | - | - |
| 4.14 | Intangibles (net) | 406,243.7 | - | - |
| 4.15 | Other (FITB and other) | 122,352.0 | - | - |
| 4.16 | Total non-current assets | 8,027,785.7 | - | - |
| 4.17 | Total assets | 12,531,084.0 | - | - |
| Current liabilities | | | | |
| 4.18 | Accounts payable | 482,467.0 | - | - |
| 4.19 | Borrowings | 1,217,265.9 | - | - |
| 4.20 | Provisions (Including claims outstanding) | 1,328,757.1 | - | - |
| 4.21 | Other (Unearned premiums and other) | 2,641,770.0 | - | - |
| 4.22 | Total current liabilities | 5,670,260.0 | - | - |
| Non-current liabilities | | | | |
| 4.23 | Accounts payable | - | - | - |
| 4.24 | Borrowings | 59,268.8 | - | - |
| 4.25 | Provisions (Including claims outstanding) | 2,248,559.4 | - | - |
| 4.26 | Other (Life insurance policy liabilities) | 880,764.9 | - | - |
| 4.27 | Total non-current liabilities | 3,188,593.1 | - | - |
| 4.28 | Total liabilities | 8,858,853.1 | - | - |

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| | | | | |
|------|------------|-------------|---|---|
| 4.29 | Net assets | 3,672,230.9 | - | - |
|------|------------|-------------|---|---|

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

| Equity | | | | |
|---------------|---|--------------------|-----|-----|
| 4.30 | Capital | 2,944,435.7 | - | - |
| 4.31 | Reserves | - | - | - |
| 4.32 | Retained profits (accumulated losses) | (17,067.8) | - | - |
| 4.33 | Equity attributable to members of the parent entity | 2,927,367.9 | - | - |
| 4.34 | Outside +equity interests in controlled entities | 744,863.0 | - | - |
| 4.35 | Total equity | 3,672,230.9 | - | - |
| 4.36 | Preference capital included as part of 4.33 | N/A | N/A | N/A |

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|-----|---|--|
| 5.1 | N/A | N/A |
| 5.2 | N/A | N/A |
| 5.3 | N/A | N/A |
| 5.4 | N/A | N/A |
| 5.5 | N/A | N/A |
| 5.6 | N/A | N/A |
| 5.6 | Closing balance as shown in the consolidated balance sheet (item 4.11) | N/A |

Development properties

(To be completed only by entities with mining interests if amounts are material)

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|-----|---|--|
| 6.1 | N/A | N/A |
| 6.2 | N/A | N/A |
| 6.3 | N/A | N/A |
| 6.4 | N/A | N/A |
| 6.5 | N/A | N/A |
| 6.6 | N/A | N/A |
| 6.7 | Closing balance as shown in the consolidated balance sheet (item 4.12) | N/A |

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Consolidated statement of cash flows

(See note 6)

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|---|------------------------|---|
| Cash flows related to operating activities | | |
| 7.1 Receipts from customers | 1,586,078.6 | - |
| 7.2 Payments to suppliers and employees | (1,170,327.5) | - |
| 7.3 Dividends received from associates | - | - |
| 7.4 Other dividends received | 91,646.1 | - |
| 7.5 Interest and other items of similar nature received | 187,748.3 | - |
| 7.6 Interest and other costs of finance paid | (50,139.8) | - |
| 7.7 Income taxes paid | (30,199.7) | - |
| 7.8 Other | (502,516.7) | - |
| 7.9 Net operating cash flows | 112,289.3 | - |
| Cash flows related to investing activities | | |
| 7.10 Payment for purchases of property, plant and equipment | (12,279.8) | - |
| 7.11 Proceeds from sale of property, plant and equipment | 13,099.0 | - |
| 7.12 Payment for purchases of equity investments | (14,622,265.7) | - |
| 7.13 Proceeds from sale of equity investments , | 14,644,676.4 | - |
| 7.14 Loans to other entities | (417,300.7) | - |
| 7.15 Loans repaid by other entities | 379,328.3 | - |
| 7.16 Other (cash acquired on acquisition of controlled entities) | 658,448.8 | - |
| 7.17 Net investing cash flows | 643,706.3 | - |
| Cash flows related to financing activities | | |
| 7.18 Proceeds from issues of +securities (shares, options, etc.) | 75,564.8 | - |
| 7.19 Proceeds from borrowings | 329,550.6 | - |
| 7.20 Repayment of borrowings | (828,045.9) | - |
| 7.21 Dividends paid | (17,335.0) | - |
| 7.22 Other (redemptions paid by trusts, securitisation proceeds) | 284,458.3 | - |
| 7.23 Net financing cash flows | (155,807.2) | - |
| 7.24 Net increase (decrease) in cash held | 600,188.4 | - |
| 7.25 Cash at beginning of period (see Reconciliation of cash) | - | - |
| 7.26 Exchange rate adjustments to item 7.25 | (36.7) | - |
| 7.27 Cash at end of period (see Reconciliation of cash) | 600,151.7 | - |

+ See chapter 19 for defined terms.

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

| |
|------|
| None |
|------|

Reconciliation of cash

| Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|---------------------------|---|
| 8.1 Cash on hand and at bank | 184,126.1 | - |
| 8.2 Deposits at call | - | - |
| 8.3 Bank overdraft | (49,176.2) | - |
| 8.4 Other (Commercial Bills) | 465,201.8 | - |
| 8.5 Total cash at end of period (item 7.27) | 600,151.7 | - |

Ratios

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Profit before abnormals and tax / sales | | |
| 9.1 Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1) | (1.2)% | - |
| Profit after tax / +equity interests | | |
| 9.2 Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.33) | (0.58)% | - |

Earnings per security (EPS)

| | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| 10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i> | | |
| (a) Basic EPS | (1.27) ¢ | N/A |
| (b) Diluted EPS (if materially different from (a)) | - | N/A |
| (c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS | 1,341,486,596 | N/A |

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| NTA backing <i>(see note 7)</i> | Current period | Previous corresponding period |
|--|----------------|-------------------------------|
| 11.1 Net tangible asset backing per +ordinary security | 163 ¢ | N/A |

Details of specific receipts/outlays, revenues/ expenses

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|---------------------------|---|
| 12.1 Interest revenue included in determining item 1.4 | 155,477.6 | - |
| 12.2 Interest revenue included in item 12.1 but not yet received (if material) | - | - |
| 12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.) | 39,008.7 | - |
| 12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material) | - | - |
| 12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material) | - | - |
| 12.6 Depreciation and amortisation (excluding amortisation of intangibles) | 12,893.8 | - |

Control gained over entities having material effect

(See note 8)

| | |
|---|-----|
| 13.1 Name of entity (or group of entities) | N/A |
| 13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired | N/A |
| 13.3 Date from which such profit has been calculated | N/A |
| 13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period | N/A |

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

(See note 8)

| | | |
|------|---|-----|
| 14.1 | Name of entity (or group of entities) | N/A |
| 14.2 | Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control | N/A |
| 14.3 | Date to which the profit (loss) in item 14.2 has been calculated | N/A |
| 14.4 | Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period | N/A |
| 14.5 | Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control | N/A |

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

See attached: Appendix A

Dividends (in the case of a trust, distributions)

| | | |
|------|---|---------------|
| 15.1 | Date the dividend (distribution) is payable | 30 April 2001 |
| 15.2 | +Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved) | 28 March 2001 |

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Amount per security

| | | Amount per security | Franked amount per security at 34% tax | Amount per security of foreign source dividend |
|------|---|---------------------|--|--|
| 15.6 | <i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year | 4¢ | 4¢ | N/A¢ |
| 15.7 | Previous year | N/A | N/A | N/A¢ |

Half yearly report - interim dividend (distribution) on all securities

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|------------------------------|---------------------------|--|
| 15.10 +Ordinary securities | 61,703.7 | N/A |
| 15.11 Preference +securities | N/A | N/A |
| 15.12 Total | 61,703.7 | N/A |

The +dividend or distribution plans shown below are in operation.

| |
|-----|
| N/A |
|-----|

The last date(s) for receipt of election notices for the +dividend or distribution plans

| |
|-----|
| N/A |
|-----|

Any other disclosures in relation to dividends (distributions)

| |
|-----|
| N/A |
|-----|

+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates

| Entity's share of associates' | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|---------------------------|---|
| 16.1 Operating profit (loss) before income tax | N/A | N/A |
| 16.2 Income tax expense | N/A | N/A |
| 16.3 Operating profit (loss) after income tax | N/A | N/A |
| 16.4 Extraordinary items net of tax | N/A | N/A |
| 16.5 Net profit (loss) | N/A | N/A |
| 16.6 Outside equity interests | N/A | N/A |
| 16.7 Net profit (loss) attributable to members | N/A | N/A |

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

| Name of entity | Percentage of ownership interest held at end of period or date of disposal | | Contribution to +operating profit (loss) and extraordinary items after tax (item 1.14) | |
|---|--|-------------------------------|--|--|
| | Current period | Previous corresponding period | Current period - \$A'000 | Previous corresponding period- \$A'000 |
| 17.1 Equity accounted associates | N/A | N/A | N/A | N/A |
| 17.2 Total | N/A | N/A | N/A | N/A |
| 17.3 Other material interests | N/A | N/A | N/A | N/A |

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|------------|-----|-----|-----|-----|
| 17.4 Total | N/A | N/A | N/A | N/A |
|------------|-----|-----|-----|-----|

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| Category of +securities | Total number | Number quoted | Issue price per security (see note 15) (cents) | Amount paid up per security (see note 15) (cents) |
|---|-----------------------------|-----------------------------|--|---|
| 18.1 Preference +securities <i>(description)</i> | N/A | N/A | N/A | N/A |
| 18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions | N/A | N/A | N/A | N/A |
| 18.3 +Ordinary securities | 1,542,593,339 | 1,542,593,339 | | |
| 18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks | 50,541,946 1,492,051,392 | 50,541,946 1,492,051,392 | 275 ¢ 188 ¢ * | 275 ¢ 188 ¢ * |
| 18.5 +Convertible debt securities <i>(description and conversion factor)</i> | N/A | N/A | N/A | N/A |
| 18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted | N/A | N/A | N/A | N/A |
| 18.7 Options <i>(description and conversion factor)</i> | 1,712,120 | 1,712,120 | <i>Exercise price</i> | <i>Expiry date (if any)</i> |
| | | | See below ** | 10 years |
| 18.8 Issued during current period | 1,712,120 | 1,712,120 | See below ** | 10 years |
| 18.9 Exercised during current period | N/A | N/A | N/A | N/A |
| 18.10 Expired during current period | N/A | N/A | N/A | N/A |
| 18.11 Debentures <i>(totals only)</i> | N/A | N/A | | |
| 18.12 Unsecured notes <i>(totals only)</i> | N/A | N/A | | |

* Deemed issue price per share upon demutualisation of NRMA Insurance Limited.

** \$1.00 per tranche of options issued. - 11 tranches issued.

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Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and declaration. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last +annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

(a) This report represents the consolidated results of NRMA Insurance Group Limited which, on 22 July 2000 acquired 100% of the share capital of NRMA Insurance Limited upon that company's demutualisation. It is therefore recommended that this report should be read in conjunction with the attached proforma accounts which represent the consolidated results of NRMA Insurance Group Limited based on the assumption it acquired NRMA Insurance Limited and its controlled entities from 1 July 2000.

(b) NRMA Insurance Group Limited has obtained an Order, dated 14 February 2000, from the Australian Securities & Investments Commission exempting the company from compliance with certain sections of the Corporations Law. These exemptions allowed the Company to acquire the shares in NRMA Insurance Limited at an amount equal to the sum of the carrying amounts of the assets and liabilities as shown in the consolidated balance sheet of NRMA Insurance Limited immediately prior to the date of acquisition. This Order also allows dividends paid by NRMA Insurance Limited to the Company out of distributable reserves of NRMA Insurance Limited at the time of acquisition of its shares by the Company (pre-acquisition reserves) to be treated as income by the Company. However the Order restricts the amount of such dividends that can be paid by NRMA Insurance Limited to the Company to 20% of the amount of distributable pre-acquisition reserves. During the half year ended 31 December 2000, the Company received a dividend of \$80 million from NRMA Insurance Limited from its pre-demutualisation retained earnings. This amount has been fully eliminated in the consolidated results.

+ See chapter 19 for defined terms.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Post balance date events

(a) On 19 January 2001 the Company announced that the Group has decided to put the inwards reinsurance business into run-off. No renewals or new business will be entered into from that date. The inwards reinsurance portfolio accounted for less than 4% of the Group's total premium income.

(b) On 15 February 2001 the Company purchased New Zealand's largest general insurer, State Insurance Limited, for NZ\$405 million (approximately \$325 million). The net assets as at 31 December 2000 of the entities being acquired in this transaction were NZ\$189 million. State Insurance Limited generated NZ\$370 million in premium revenue during the year ended on that date. The acquisition has been fully funded by debt.

(c) On 2 March 2001 an interim dividend of 4 cents per share, 100% franked, was declared by the Company. The dividend will be paid on 30 April 2001.

(d) On 2 March 2001 the Company resolved to make an off-market buy-back of up to 10% of the shares issued on demutualisation. The final price and the allocation of that amount between capital and a fully franked dividend will be determined under the terms and conditions of the buy-back offer. This buy-back will be funded from surplus capital and potential issue of re-set preference shares.

(e) On 2 March 2001 the Company announced that, subject to markets conditions, it intended to issue \$200 million of re-set preference shares. These preference shares are expected to qualify as Tier 1 capital and will be treated as equity.

As these transactions occurred after balance sheet date and do not relate to conditions existing at balance date, no account has been taken of them in the financial statements for the half year ended 31 December 2000.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

The franking surplus of the NRMA Insurance Group exceeds \$500 million as at 31 December 2000. Accordingly, frankable distributions payable in the current financial year are expected to be fully franked.

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Changes in accounting policies since the last annual report are disclosed as follows.
(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

| |
|-----|
| Nil |
|-----|

Additional disclosure for trusts

| | | |
|------|--|-----|
| 19.1 | Number of units held by the management company or responsible entity or their related parties. | N/A |
|------|--|-----|

| | | |
|------|--|-----|
| 19.2 | A statement of the fees and commissions payable to the management company or responsible entity. Identify: <ul style="list-style-type: none">• initial service charges• management fees• other fees | N/A |
|------|--|-----|

+ See chapter 19 for defined terms.

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 13).

Identify other standards used

| |
|-----|
| Nil |
|-----|

2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

4 This report is based on +accounts to which one of the following applies.

(Tick one)

The +accounts have been audited.

The +accounts have been subject to review.

The +accounts are in the process of being audited or subject to review.

The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached

6 The entity has a formally constituted audit committee.

Sign here:
(Director/Company secretary)

Date:

Print name:

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APPENDIX A: Segmental reporting

The NRMA Insurance Group operates predominantly in one geographical area, Australia. It operates in the general insurance and financial services industries. Other activities, including corporate services, investment management and investment of the Group's capital funds form a separate segment.

The detailed statement of operations by industry segments for the half year is as follows:

| | General Insurance | | Financial Services | | Corporate and Investments | | Intersegment Elimination | | Total | |
|-------------------------------------|-------------------|---------------|--------------------|---------------|---------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2000 \$000 | 1999 \$000 | 2000 \$000 | 1999 \$000 | 2000 \$000 | 1999 \$000 | 2000 \$000 | 1999 \$000 | 2000 \$000 | 1999 \$000 |
| External revenue | 1,642,739 | - | 157,890 | - | 8,334 | - | - | - | 1,808,963 | - |
| Intersegment revenue | - | - | - | - | 23,266 | - | (23,266) | - | - | - |
| Total revenue | 1,642,739 | - | 157,890 | - | 31,600 | - | (23,266) | - | 1,808,963 | - |
| Operating profit /(loss) before tax | 97,920 | - | 2,350 | - | (121,780) | - | - | - | (21,510) | - |
| Total assets | 3,564,117 | - | 2,862,793 | - | 6,568,530 | - | (464,356) | - | 12,531,084 | - |

+ See chapter 19 for defined terms.

APPENDIX B: Income Tax

(a) The prima facie tax on the operating profit and extraordinary items differs from the income tax provided in the consolidated profit and loss accounts is reconciled as follows:

| | 2000 | 1999 |
|--|------------|-------|
| | \$000 | \$000 |
| Operating profit/(loss) and extraordinary items before income tax | (21,509.5) | - |
| <hr/> | | |
| Prima facie tax thereon at 34% | (7,313.2) | - |
| Tax effect of permanent differences: | | |
| Rebateable dividends | (13,067.9) | - |
| Realised capital profits not subject to income tax | (49.4) | - |
| Unrealised capital (profits)/losses not subject to income tax | (781.6) | - |
| Other non-deductible items | 3,130.0 | - |
| Other | (5,029.4) | - |
| Dividend rebate not utilised | 21,373.3 | - |
| Effect of different tax rates applicable to life insurance business | (2,758.5) | - |
| Future income tax benefit not recognised | (306.8) | - |
| <hr/> | | |
| Income tax expense/(credit) applicable to current year | (4,803.5) | - |
| Adjustments to prior year | (10,611.9) | - |
| <hr/> | | |
| Income tax expense/(credit) attributable to operating profit and extraordinary items | (15,415.4) | - |

(b) The potential future income tax benefits relating to tax losses at 31 December 2000 not brought to account are: (306.8) -

The benefits will only be obtained if:

- i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses and timing differences to be realised;
- ii) the economic entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- iii) no changes in tax legislation adversely affect the economic entity in realising the benefits from the deductions for the losses.

+ See chapter 19 for defined terms.

Notes

+ See chapter 19 for defined terms.

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.

2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

3. **Consolidated profit and loss account**
 - Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.

 - Item 1.2 'Share of associates' "net profit (loss) attributable to members" would form part of "other revenue" in *AASB 1004* to the extent that a profit is to be reported. ASX has elected to require disclosure of a share of a loss in the same location for consistency of presentation.

 - Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.

+ See chapter 19 for defined terms.

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- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
5. **Consolidated balance sheet**
Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029* and *AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last +annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc*.
6. **Statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the +accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.

+ See chapter 19 for defined terms.

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10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Comparative figures when equity accounted information first included in the accounts** There will be a lack of comparability in the figures for the previous corresponding period when equity accounted information is first included if this information has a material effect on the consolidated accounts. If it does have a material effect, attach a note providing a better comparison by restating “Operating profit (loss) after tax attributable to members” (item 1.10) and “Investments in associates” (item 4.8) for the previous corresponding period to incorporate equity accounted information. In addition, as required by Note 1, no directional or percentage changes in profit are to be reported in the “For announcement to the market” section. Where the disclosures were not previously required in Appendix 4B, no comparatives need be shown.
12. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors’ report and statement, if lodged with the +ASIC, must be given to ASX.
13. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
14. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
15. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

+ See chapter 19 for defined terms.