

## Appendix 4B (rule 4.13(b))

### Half yearly report

Introduced 1/7/2000. Amended 30/9/2001.

Name of entity

Insurance Australia Group Limited (Formerly NRMA Insurance Group Limited)

ABN

Half yearly  
(tick)

Preliminary  
final (tick)

Half year ended

60 090 739 923



31 December 2001

#### For announcement to the market

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

SA'000

Revenues from ordinary activities (item 1.1)	Up	39.0%	to	2,380,873
Profit from ordinary activities after tax (before amortisation of goodwill) attributable to members (item 1.20)	Up		to	58,680
Profit from ordinary activities after tax attributable to members (item 1.23)	Up		to	49,212
Profit (loss) from extraordinary items after tax attributable to members (item 2.5(d))				-
Net profit for the period attributable to members (item 1.11)	Up		to	49,212
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Interim dividend (Half yearly report only - item 15.5)		4.5¢		4.5¢
Previous corresponding period (half yearly report - item 15.6)		4.0¢		4.0¢

\*Record date for determining entitlements to the dividend,  
(in the case of a trust, distribution) (see item 15.2)

3 April 2002

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:

Nil

+ See chapter 19 for defined terms.

**Consolidated profit and loss account**

		Current period - \$A'000	Previous corresponding period - \$A'000
1.1	Revenues from ordinary activities	2,380,873	1,712,380
1.2	Expenses from ordinary activities	(2,281,288)	(1,694,880)
1.3	Borrowing costs	(36,977)	(39,009)
1.4	Share of net profit (loss) of associates and joint venture entities ( <i>see item 16.7</i> )	-	-
<b>1.5</b>	<b>Profit (loss) from ordinary activities before tax</b>	<b>62,608</b>	<b>(21,509)</b>
1.6	Income (tax) / benefit on ordinary activities	(4,594)	15,415
<b>1.7</b>	<b>Profit (loss) from ordinary activities after tax</b>	<b>58,014</b>	<b>(6,094)</b>
1.8	Profit (loss) from extraordinary items after tax ( <i>see item 2.5</i> )	-	-
<b>1.9</b>	<b>Net profit (loss)</b>	<b>58,014</b>	<b>(6,094)</b>
1.10	Net profit (loss) attributable to outside *equity interests	8,802	10,974
<b>1.11</b>	<b>Net profit (loss) for the period attributable to members</b>	<b>49,212</b>	<b>(17,068)</b>

**Consolidated retained profits**

1.12	Accumulated losses at the beginning of the financial period	(162,872)	-
1.13	Net profit (loss) attributable to members ( <i>item 1.11</i> )	49,212	(17,068)
1.14	Net transfers to and from reserves	-	-
1.15	Net effect of changes in accounting policies	-	-
1.16	Dividends and other equity distributions paid or payable	(4)	-
<b>1.17</b>	<b>Retained profits (accumulated losses) at end of financial period</b>	<b>(113,664)</b>	<b>(17,608)</b>

**Profit restated to exclude Amortisation of goodwill**

		Current period - \$A'000	Previous corresponding period - \$A'000
1.18	Profit (loss) from ordinary activities after tax before outside equity interests ( <i>items 1.7</i> ) and amortisation of goodwill	67,482	(5,601)
1.19	Less (plus) outside *equity interests	8,802	10,974

+ See chapter 19 for defined terms.

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1.20	Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	58,680	(16,575)
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+ See chapter 19 for defined terms.

**Profit (loss) from ordinary activities attributable to members**

	Current period \$A'000	Previous corresponding period \$A'000
1.21 Profit (loss) from ordinary activities after tax (item 1.7)	58,014	(6,094)
1.22 Less (plus) outside *equity interests	8,802	10,974
<b>1.23 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>49,212</b>	<b>(17,068)</b>

**Revenue and expenses from ordinary activities**

*AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.*

	Current period \$A'000	Previous corresponding period \$A'000
1.24 Details of revenue and expenses		
Premium revenue	1,696,442	1,271,478
Reinsurance expense	(128,571)	(97,315)
<b>Net premium revenue</b>	<b>1,567,871</b>	<b>1,174,163</b>
Claims expense	(1,655,432)	(1,204,105)
Reinsurance and other recoveries	439,102	271,607
<b>Net claims expense</b>	<b>(1,216,330)</b>	<b>(932,498)</b>
Acquisition costs	(211,614)	(142,846)
Other underwriting expenses	(60,088)	(71,695)
Fire brigade charges	(43,073)	(32,410)
<b>Underwriting expenses</b>	<b>(314,775)</b>	<b>(246,951)</b>
<b>Profit / (loss) from underwriting</b>	<b>36,766</b>	<b>(5,286)</b>
Investment income	152,399	176,613
Realised losses on investments	(99,292)	(34,927)
Unrealised gains / (losses) on investments	38,845	(95,085)
Other operating revenue	89,855	56,878
Financial services revenue	56,351	62,295
Borrowing costs	(36,977)	(39,009)
Life insurance business expense	(20,509)	(18,550)
Investment and other expenses	(154,830)	(124,438)
<b>Profit / (loss) from ordinary activities before income tax</b>	<b>62,608</b>	<b>(21,509)</b>

+ See chapter 19 for defined terms.

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+ See chapter 19 for defined terms.

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**Intangible 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
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	9,468	-	-	9,468
2.2	Amortisation of other intangibles	12,022	-	-	12,022
<b>2.3</b>	<b>Total amortisation of intangibles</b>	<b>21,490</b>	<b>-</b>	<b>-</b>	<b>21,490</b>
2.4	Extraordinary items	-	-	-	-
<b>2.5</b>	<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

+ See chapter 19 for defined terms.

<b>Consolidated balance sheet</b>		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
<b>Current assets</b>				
4.1	Cash	133,828	222,932	184,126
4.2	Receivables	1,228,088	1,438,881	1,208,832
4.3	Investments	1,396,220	1,338,027	2,905,414
4.4	Inventories	2,140	2,307	354
4.5	Other	271,911	273,554	204,572
<b>4.6</b>	<b>Total current assets</b>	<b>3,032,187</b>	<b>3,275,701</b>	<b>4,503,298</b>
<b>Non-current assets</b>				
4.7	Receivables	254,216	1,272,515	1,160,442
4.8	Investments (equity accounted)	-	-	-
4.9	Other investments	6,505,049	7,117,623	6,258,034
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)	101,234	104,468	80,714
4.14	Intangibles (net)	642,806	658,290	406,244
4.15	Other (FITB & Other)	156,379	156,863	122,352
<b>4.16</b>	<b>Total non-current assets</b>	<b>7,659,684</b>	<b>9,309,759</b>	<b>8,027,786</b>
<b>4.17</b>	<b>Total assets</b>	<b>10,691,871</b>	<b>12,585,460</b>	<b>12,531,084</b>
<b>Current liabilities</b>				
4.18	Payables	289,498	591,809	482,467
4.19	Interest bearing liabilities	245,279	1,970,019	2,454,003
4.20	Provisions (includes outstanding claims)	1,573,070	1,322,075	1,328,757
4.21	Other (Unearned premiums)	1,685,583	1,719,642	1,405,033
<b>4.22</b>	<b>Total current liabilities</b>	<b>3,793,430</b>	<b>5,603,545</b>	<b>5,670,260</b>
<b>Non-current liabilities</b>				
4.23	Payables	-	-	-
4.24	Interest bearing liabilities	83,335	55,420	59,269
4.25	Provisions (includes outstanding claims)	2,447,289	2,602,756	2,248,559
4.26	Other (Life insurance policy liabilities)	950,152	935,598	880,765
<b>4.27</b>	<b>Total non-current liabilities</b>	<b>3,480,776</b>	<b>3,593,774</b>	<b>3,188,593</b>
<b>4.28</b>	<b>Total liabilities</b>	<b>7,274,206</b>	<b>9,197,319</b>	<b>8,858,853</b>
<b>4.29</b>	<b>Net assets</b>	<b>3,417,665</b>	<b>3,388,141</b>	<b>3,672,231</b>

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly report**

**Consolidated balance sheet continued**

	<b>Equity</b>			
4.30	Capital/contributed equity	2,686,468	2,686,468	2,944,436
4.31	Reserves	(2,184)	331	-
4.32	Retained profits (accumulated losses)	(113,664)	(162,872)	(17,068)
<b>4.33</b>	<b>Equity attributable to members of the parent entity</b>	<b>2,570,620</b>	<b>2,523,927</b>	<b>2,927,368</b>
4.34	Outside +equity interests in controlled entities	847,045	864,214	744,863
<b>4.35</b>	<b>Total equity</b>	<b>3,417,665</b>	<b>3,388,141</b>	<b>3,672,231</b>
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	Opening balance	N/A	N/A
5.2	Expenditure incurred during current period	N/A	N/A
5.3	Expenditure written off during current period	N/A	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5	Expenditure transferred to Development Properties	N/A	N/A
<b>5.6</b>	<b>Closing balance as shown in the consolidated balance sheet (item 4.11)</b>	<b>N/A</b>	<b>N/A</b>

**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	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	N/A	N/A
6.3	Expenditure transferred from exploration and evaluation	N/A	N/A
6.4	Expenditure written off during current period	N/A	N/A
6.5	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6	Expenditure transferred to mine properties	N/A	N/A

+ See chapter 19 for defined terms.

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6.7	Closing balance as shown in the consolidated balance sheet ( <i>item 4.12</i> )	N/A	N/A
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+ See chapter 19 for defined terms.

**Consolidated statement of cash flows**

	Current period \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>		
7.1 Receipts from customers	1,940,427	1,487,039
7.2 Payments to suppliers and employees	(1,376,854)	(1,091,604)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	76,344	91,646
7.5 Interest and other items of similar nature received	179,037	187,748
7.6 Borrowing costs including interest and other costs of finance paid	(40,372)	(50,140)
7.7 Income taxes paid	(57,624)	(30,200)
7.8 Other	(574,973)	(482,200)
<b>7.9 Net operating cash flows</b>	<b>145,985</b>	<b>112,289</b>
<b>Cash flows related to investing activities</b>		
7.10 Payment for purchases of property, plant and equipment	(24,678)	(12,280)
7.11 Proceeds from sale of property, plant and equipment	8,678	13,099
7.12 Payment for purchases of equity investments	(11,173,516)	(14,622,265)
7.13 Proceeds from sale of equity investments	11,122,178	14,644,676
7.14 Loans to other entities	(308,232)	(417,301)
7.15 Loans repaid by other entities	252,430	379,328
7.16 Other (Cash (disposed) / acquired on (disposal) / acquisition of controlled entities)	(60,880)	658,449
<b>7.17 Net investing cash flows</b>	<b>(184,020)</b>	<b>643,706</b>
<b>Cash flows related to financing activities</b>		
7.18 Proceeds from issues of *securities (shares, options, etc.)	-	75,565
7.19 Proceeds from borrowings	806,481	329,551
7.20 Repayment of borrowings	(984,460)	(828,046)
7.21 Dividends paid	(83,964)	(17,335)
7.22 Other (redemptions paid by trusts, securitisation proceeds)	109,932	284,458
<b>7.23 Net financing cash flows</b>	<b>(152,011)</b>	<b>(155,807)</b>
<b>7.24 Net increase (decrease) in cash held</b>	<b>(190,046)</b>	<b>600,188</b>
7.25 Cash at beginning of period (see Reconciliation of cash)	344,384	-
7.26 Exchange rate adjustments to item 7.25.	277	(36)
<b>7.27 Cash at end of period</b> (see Reconciliation of cash)	<b>154,615</b>	<b>600,152</b>

+ 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.

NIL
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### 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	133,828	184,126
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	(49,176)
8.4 Other (Term deposits / Commercial bills)	20,787	465,202
<b>8.5 Total cash at end of period (item 7.27)</b>	<b>154,615</b>	<b>600,152</b>

### Ratios

	Current period	Previous corresponding Period
<b>Profit before tax / revenue</b>		
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	2.63%	(1.26)%
<b>Profit after tax / *equity interests</b>		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	1.91%	(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	3.52¢	(1.27)¢
(b) Diluted EPS (if materially different from (a))	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	1,399,439,374	1,341,486,596

### NTA backing (see note 7)

	Current period	Previous corresponding period

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly report**

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11.1	Net tangible asset backing per *ordinary security	138€	163€
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+ See chapter 19 for defined terms.

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.5	134,802	155,478
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	-	-
12.4 Outlays (except those arising from the *acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.5 Depreciation and amortisation (excluding amortisation of intangibles)	15,730	12,894
12.6 Other specific relevant items not shown in item 1.24 (see note 15)		
<u>Revenue</u> Reinsurance recoveries under the Whole of Account Aggregate Stop Loss contract	110,288	-
<u>Expenses</u> Costs in relation to the settlement of "Share the Future" litigation	12,000	-
Insurance protection tax levied by the NSW State Government	10,313	-

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities 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 Profit (loss) from ordinary activities 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**

14.1	Name of entity (or group of entities)	NRMA Building Society Group: - NRMA Building Society Limited - NRMA Finance Limited - NRMA Securitisation Services Pty Limited
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$A'000 (27)
14.3	Date to which the profit (loss) in item 14.2 has been calculated	31 October 2001
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$A'000 (2,278)
14.5	Contribution to consolidated profit (loss) from ordinary activities before tax and extraordinary items from sale of interest leading to loss of control	44,914

**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	29 April 2002
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)	3 April 2002

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+ See chapter 19 for defined terms.

**Amount per security**

		Amount per security	Franked amount per security at 30% (2000-34%) tax	Amount per security of foreign source dividend
15.5	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	4.5¢	4.5¢	N/A
15.6	Previous year	4.0¢	4.0¢	N/A

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

	Current period \$A'000	Previous corresponding period - \$A'000
15.7 *Ordinary securities	4	-
15.8 Preference *securities	-	-
15.9 Other equity instruments	-	-
<b>15.10 Total</b>	<b>4</b>	<b>-</b>

The \*dividend or distribution plans shown below are in operation.

N/A
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The last date(s) for receipt of election notices for the \*dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions)

N/A
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+ See chapter 19 for defined terms.

**Details of aggregate share of profits (losses) of associates and joint venture entities**

		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Profit (loss) from ordinary activities before income tax	N/A	N/A
16.2	Income tax on ordinary activities	N/A	N/A
<b>16.3</b>	<b>Profit (loss) from ordinary activities after income tax</b>	N/A	N/A
16.4	Extraordinary items net of tax	N/A	N/A
<b>16.5</b>	<b>Net profit (loss)</b>	N/A	N/A
16.6	Outside *equity interests	N/A	N/A
<b>16.7</b>	<b>Net profit (loss) attributable to members</b>	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 net profit (loss) (item I.9)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
<b>17.1 Equity accounted associates and joint venture entities</b>	N/A	N/A	N/A	N/A
<b>17.2 Total</b>	N/A	N/A	N/A	N/A
17.3 Other material interests	N/A	N/A	N/A	N/A
<b>17.4 Total</b>	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 14) (cents)	Amount paid up per security (see note 14) (cents)
<b>18.1 Preference *securities (description)</b>	N/A	N/A	N/A	N/A
Changes during current period	N/A	N/A	N/A	N/A
<b>18.3 *Ordinary securities</b>	1,399,439,374	1,399,439,374		
18.4 Changes during current period				
(a) Increases through issues - Demutualisation issue	102,403	102,403	188¢	188¢
(b) Decreases through returns of capital, buybacks	N/A	N/A		
<b>18.5 *Convertible debt securities (description and conversion factor)</b>	N/A	N/A	N/A	N/A
18.6 Changes during current period	N/A	N/A	N/A	N/A
<b>18.7 Options /Rights</b>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
18.8 Issued during current period	190,700	190,700	See below*	2 Aug, 2011
	135,000	135,000	See below**	22 Oct, 2011
	1,000,000	1,000,000	See below#	13 Dec, 2011
18.9 Exercised during current period	Nil	Nil	Nil	Nil
18.10 Expired during current period	353,000	353,000	N/A	See below##
<b>18.11 Debentures (totals only)</b>	N/A	N/A		
<b>18.12 Unsecured notes (totals only)</b>	N/A	N/A		

\* \$1 per tranche of options issued - 12 tranches issued

\*\* \$1 per tranche of options issued - 5 tranches issued

# \$1 per tranche of options issued - 1 tranche issued

+ See chapter 19 for defined terms.

## Options expired as a result of employee termination before options were vested.

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+ See chapter 19 for defined terms.

01/03/02

**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 Act) and may be incorporated into the directors' report and statement. 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.*

Nil

**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**

Nil

**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)**

(a) On 15 January 2002, the Company changed its name from NRMA Insurance Group Limited to Insurance Australia Group Limited.

(b) On 1 March 2002, an interim dividend of 4.5 cents per share, 100% franked, was declared by the Company. The dividend will be paid on 29 April 2002.

(c) On 1 March 2002, the Company announced it is investigating an off-market buy-back of approximately \$300 million of ordinary shares. 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 a potential issue of re-set preference shares.

(d) On 1 March 2002, the Company announced it is investigating an issue of approximately \$300 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 date and did 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 2001.

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

The franking surplus of the Insurance Australia Group Limited (formerly NRMA Insurance Group Limited) exceeds 500 million as at 31 December 2001. Accordingly frankable distributions payable in the current financial year are expected to be fully franked.

+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly report**

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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 AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)*

**(a) Life insurance business revenue and expenses**

From 1 July 2001, NRMA Life Limited (a wholly-owned subsidiary of Insurance Australia Group Limited) has recognised all premiums and claims arising in respect of non-risk investment business as changes in policy liabilities. Previously, under the transitional provisions of AASB 1038: Life Insurance Business, these premiums and claims were recognised as premium revenue and expenses. The impact of the change in accounting policy is that life insurance business revenue has decreased by \$123m (2000 - \$96m) and life insurance business expense has decreased by \$123m (2000 - \$96m). There is no impact on the net result from life insurance operations.

**(b) Earnings per share**

The consolidated entity has applied the revised AASB 1027: Earnings Per Share (issued June 2001) for the first time from 1 July 2001. Basic and diluted earnings per share ("EPS") for the comparative period ended 31 December 2000 has been adjusted so that the basis of calculation used is consistent with that of the current period.

The adoption of the revised AASB 1027 did not have material impact on the calculation of basic or diluted earnings per share for the Company.

**(c) Segment reporting**

The consolidated entity has applied the revised AASB 1005: Segment Reporting (issued in August 2000) for the first time from 1 July 2001. Individual business segments have been identified on the basis of grouping individual products or services subject to similar risks and returns. The adoption of the revised AASB 1005 has led to the identification of three reportable segments under general insurance, being short-tail, long-tail and international insurance businesses. Other than this change, all other reportable segments are the same as those reported in the previous reporting periods.

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+ See chapter 19 for defined terms.

### 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"><li>• initial service charges</li><li>• management fees</li><li>• other fees</li></ul>	N/A

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+ 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 Act or other standards acceptable to ASX (see note 12).

Identify other standards used

Nil
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2 This report, and the <sup>+</sup>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 <sup>+</sup>accounts to which one of the following applies.

*(Tick one)*

The <sup>+</sup>accounts have been audited.

The <sup>+</sup>accounts have been subject to review.

The <sup>+</sup>accounts are in the process of being audited or subject to review.

The <sup>+</sup>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. *(Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.)*

6 The entity has a formally constituted audit committee.

Sign here: ..... Date: .....1 March 2002.....  
(Director/Company Secretary)

Print name: .....GAYE MORSTYN.....

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+ See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly report**

**PPENDIX A: Segmental reporting**

Primary reporting – business segments

The consolidated entity operates in the general insurance and financial services industries. In the general insurance industry, its revenue is derived from the underwriting of short-tail, long-tail and international insurance businesses and these form separate reportable segments along with financial services. Other activities, including corporate services, investment management and investment of the Group's capital funds form a separate segment.

	Short-tail Insurance		Long-tail Insurance		International Insurance		Financial Services		Corporate and Investments	
	Dec 2001	Dec 2000	Dec 2001	Dec 2000	Dec 2001	Dec 2000	Dec 2001	Dec 2000	Dec 2001	Dec 2000
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External revenue	1,376,335	1,200,675	653,006	442,064	190,520	-	47,533	61,307	113,479	8,334
Intersegment revenue	-	-	-	-	-	-	-	-	18,533	23,266
Total revenue	<b>1,376,335</b>	<b>1,200,675</b>	<b>653,006</b>	<b>442,064</b>	<b>190,520</b>	<b>-</b>	<b>47,533</b>	<b>61,307</b>	<b>132,012</b>	<b>31,600</b>
Profit / (loss) from underwriting	20,716	26,229	10,897	(31,838)	5,824	-	-	-	-	-
Investment income on technical reserve	21,583	24,852	60,639	78,677	5,222	-	-	-	-	-
Other operating result	-	-	-	-	-	-	7,753	2,350	(70,026)	(121,779)
Profit from ordinary activities before income tax	<b>42,299</b>	<b>51,081</b>	<b>71,536</b>	<b>46,839</b>	<b>11,046</b>	<b>-</b>	<b>7,753</b>	<b>2,350</b>	<b>(70,026)</b>	<b>(121,779)</b>
<b>Intersegment Elimination</b>										
	Dec 2001		Dec 2000		Total					
	\$000	\$000	\$000	\$000	\$000	\$000				
External revenue	-	-	2,380,873	1,712,380	-	-				
Intersegment revenue	(18,533)	(23,266)	-	-	-	-				
Total revenue	<b>(18,533)</b>	<b>(23,266)</b>	<b>2,380,873</b>	<b>1,712,380</b>	-	-				
Profit / (loss) from underwriting	-	-	37,437	(5,609)	-	-				
Investment income on technical reserve	-	-	87,444	103,529	-	-				
Other operating result	-	-	(62,273)	(119,429)	-	-				

See chapter 19 for defined terms.

**Appendix 4B (rule 4.13(b))**  
**Half yearly report**

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Profit from ordinary activities before income tax	-	-	<b>62,608</b>	<b>(21,509)</b>
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See chapter 19 for defined terms.

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**APPENDIX B: Income tax**

(a) The prima facie tax on the statement of financial performance differs from the income tax provided in the financial statements and is reconciled as follows:

	<b>2001</b>	<b>2000</b>
	<b>\$000</b>	<b>\$000</b>
Profit / (loss) from ordinary activities before income tax	<b>62,608</b>	<b>(21,509)</b>
Prima facie tax thereon at 30% (2001 - 34%)	<b>18,782</b>	<b>(7,313)</b>
Tax effect of permanent differences:		
Rebateable dividends	<b>(12,172)</b>	<b>(13,068)</b>
Realised capital losses/(profits) not subject to income tax	<b>184,876</b>	<b>(49)</b>
Unrealised capital (profits)/losses not subject to income tax	<b>(205,433)</b>	<b>(782)</b>
Other non-deductible items	<b>9,902</b>	<b>3,130</b>
Other	<b>11,064</b>	<b>16,344</b>
Future income tax benefit not recognised	<b>1,007</b>	<b>(307)</b>
Effect of different tax rates applicable to life insurance business	<b>(4,194)</b>	<b>(2,758)</b>
Income tax expense/(credit) applicable to current year	<b>3,832</b>	<b>(4,803)</b>
Adjustment to prior year	<b>762</b>	<b>(10,612)</b>
Income tax expense/(credit) attributable to profit from ordinary activities	<b>4,594</b>	<b>(15,415)</b>

(b) The potential future income tax benefits relating to tax losses at 30 December 2001 not brought to account are:

	<b>-</b>	<b>(307)</b>
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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

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 "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
  - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (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: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. 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. **Consolidated 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.

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+ See chapter 19 for defined terms.

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.
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. **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 Act must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **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.
13. **Corporations Act financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **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.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

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+ See chapter 19 for defined terms.