

FINANCIAL STATEMENTS

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* For ease of reference we provide here an index of the notes to the financial statements showing those relevant to the financial statements of the Consolidated entity and those relevant to the financial statements of the Parent.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	PARENT		CONSOLIDATED	
		2009 \$m	2008 \$m	2009 \$m	2008 \$m
Premium revenue	3	–	–	7,718	7,765
Outwards reinsurance premium expense	4	–	–	(485)	(470)
Net premium revenue (i)		–	–	7,233	7,295
Claims expense	4	–	–	(6,066)	(5,593)
Reinsurance and other recoveries revenue	3	–	–	696	438
Net claims expense (ii)	11	–	–	(5,370)	(5,155)
Acquisition costs	4	–	–	(1,213)	(1,318)
Other underwriting expenses	4	–	–	(680)	(646)
Fire services levies	4	–	–	(235)	(216)
Underwriting expenses (iii)		–	–	(2,128)	(2,180)
Underwriting profit/(loss) (i) + (ii) + (iii)		–	–	(265)	(40)
Investment income on assets backing insurance liabilities	3	–	–	795	456
Investment expenses on assets backing insurance liabilities	4	–	–	(15)	(24)
Insurance profit		–	–	515	392
Investment income on equity holders' funds	3	255	759	(56)	(1)
Fee and other income	3	97	69	521	556
Share of net profit/(loss) of associates	3	–	–	8	(3)
Finance costs	4	(50)	(60)	(87)	(101)
Fee based, corporate and other expenses	4	–	–	(587)	(961)
Net income attributable to minority interests in unitholders' funds	4	–	–	(2)	(18)
Profit/(loss) before income tax		302	768	312	(136)
Income tax (expense)/credit	6	–	(4)	(65)	(90)
Profit/(loss) for the year		302	764	247	(226)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO					
Equity holders of the Parent		302	764	181	(261)
Minority interests		–	–	66	35
Profit/(loss) for the year		302	764	247	(226)

	NOTE	CONSOLIDATED	
		2009 cents	2008 cents
Basic earnings per ordinary share	8	9.32	(14.11)
Diluted earnings per ordinary share	8	9.26	(14.01)

The above income statements should be read in conjunction with the notes to the financial statements.

BALANCE SHEETS

AS AT 30 JUNE 2009

	NOTE	2009	PARENT	CONSOLIDATED	
		\$m	2008	2009	2008
		\$m	\$m	\$m	\$m
ASSETS					
Cash held for operational purposes	24	–	–	344	679
Investments	15	1	1	10,563	10,034
Premium receivable	16	–	–	2,126	2,046
Inventories		–	–	1	1
Trade and other receivables	16	96	69	887	1,146
Receivables from related bodies corporate		51	120	–	–
Current tax assets		49	–	85	18
Defined benefit superannuation asset		–	–	–	3
Loans to related bodies corporate		884	671	–	–
Reinsurance and other recoveries receivable on outstanding claims	12	–	–	1,047	1,104
Prepayments		–	–	45	54
Deferred levies and charges		–	–	126	120
Deferred outwards reinsurance expense		–	–	268	308
Deferred acquisition costs	13	–	–	733	758
Deferred tax assets	6	30	7	382	288
Property and equipment	17	–	–	308	291
Investment in joint ventures and associates	27	–	–	122	70
Intangible assets	18	–	–	398	585
Investment in subsidiaries	26	5,785	5,785	–	–
Goodwill	19	–	–	1,880	1,875
Total assets		6,896	6,653	19,315	19,380
LIABILITIES					
Trade and other payables	20	8	16	818	906
Reinsurance premiums payable		–	–	188	285
Payables to related bodies corporate		91	48	–	–
Restructuring provisions	21	–	–	34	61
Current tax liabilities		–	42	27	65
Unearned premium liability	14	–	–	4,072	4,097
Minority interest in unitholders' funds		–	–	79	93
Lease provision		–	–	32	22
Employee benefits provision	28	–	–	321	243
Unexpired risk liability		–	–	–	12
Deferred tax liabilities	6	–	–	39	17
Loans from related bodies corporate		–	173	–	–
Outstanding claims liability	11	–	–	7,816	7,827
Interest bearing liabilities	22	640	860	1,053	1,401
Total liabilities		739	1,139	14,479	15,029
Net assets		6,157	5,514	4,836	4,351
EQUITY					
Share capital	23	5,326	4,740	5,326	4,740
Treasury shares held in trust	23.B	–	–	(55)	(71)
Reserves	23.C	–	–	(11)	(7)
Retained earnings	23.D	831	774	(589)	(458)
Parent interest	23	6,157	5,514	4,671	4,204
Minority interests	23.E	–	–	165	147
Total equity	23	6,157	5,514	4,836	4,351

The above balance sheets should be read in conjunction with the notes to the financial statements.

STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT		CONSOLIDATED	
	2009	2008	2009	2008
	\$m	\$m	\$m	\$m
INCOME AND (EXPENSES) RECOGNISED DIRECTLY IN EQUITY DURING THE YEAR, NET OF TAX				
Actuarial gains and (losses) on defined benefit arrangements	-	-	(65)	(37)
Net movement in foreign currency translation reserve	-	-	7	(31)
Net movement in hedging reserve	-	-	(3)	5
Vesting of share based remuneration	-	-	(6)	-
Total net income and (expense) recognised directly in equity	-	-	(67)	(63)
Profit/(loss) for the year	302	764	247	(226)
Total recognised income and (expense) for the year	302	764	180	(289)
Total recognised income and (expense) for the year attributable to				
Equity holders of the Parent	302	764	117	(321)
Minority interests	-	-	63	32
Total recognised income and (expense) for the year	302	764	180	(289)

Other movements in equity arising from transactions with equity holders acting in their capacity as equity holders are set out in the reconciliation of total equity note.

The above statements of recognised income and expense should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	PARENT		CONSOLIDATED	
		2009	2008	2009	2008
		\$m	\$m	\$m	\$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Premium received		–	–	7,719	7,836
Reinsurance and other recoveries received		–	–	722	739
Claims costs paid		–	–	(5,775)	(6,266)
Outwards reinsurance premium expense paid		–	–	(542)	(484)
Dividends received		218	716	32	51
Interest and trust distributions received		55	45	564	585
Finance costs paid		(57)	(60)	(96)	(102)
Income taxes refunded		2	25	3	51
Income taxes paid		(98)	(142)	(189)	(257)
Other operating receipts		77	94	1,049	1,328
Other operating payments		–	–	(3,073)	(3,476)
Net cash flows from operating activities	24	197	678	414	5
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash flows on acquisition of subsidiaries/associates		–	–	(3)	(35)
Net cash flows on disposal of subsidiaries		–	–	(34)	–
Proceeds from disposal of premium funding loan portfolio		–	–	–	114
Proceeds from disposal of investments and property and equipment		–	38	21,104	37,279
Outlays for investments and property and equipment		–	(246)	(21,419)	(36,255)
Repayment of premium funding loans		–	–	–	85
Advances of premium funding loans		–	–	–	(99)
Net cash flows from investing activities		–	(208)	(352)	1,089
CASH FLOWS FROM FINANCING ACTIVITIES					
Outlays for purchase of treasury shares		–	–	(16)	(4)
Proceeds from issue of trust units		–	–	457	876
Outlays for redemption of trust units		–	–	(474)	(1,104)
Proceeds from borrowings		518	665	–	87
Repayment of borrowings		(1,056)	(977)	(284)	(612)
Dividends paid to IAG equity holders*		(245)	(537)	(245)	(537)
Dividends paid to minority interests		–	–	(45)	(57)
Proceeds from issue of shares*		586	379	586	379
Dividends received on treasury shares		–	–	1	2
Net cash flows from financing activities		(197)	(470)	(20)	(970)
Net movement in cash held		–	–	42	124
Effects of exchange rate changes on balances of cash held in foreign currencies		–	–	6	(53)
Cash and cash equivalents at the beginning of financial year		–	–	1,234	1,163
Cash and cash equivalents at the end of financial year	24	–	–	1,282	1,234

* Includes dividends settled with shares under the Dividend Reinvestment Plan for the 2009 interim dividend and the 2008 final dividend (refer to the dividend note) and the fully underwritten 2007 final dividend (refer to note 23).

The above cash flow statements should be read in conjunction with the notes to the financial statements.