

FINANCIAL STATEMENTS

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* For ease of reference provided above is 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.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	PARENT		CONSOLIDATED	
		2010	2009	2010	2009
		\$m	\$m	\$m	\$m
Premium revenue	5	–	–	7,621	7,718
Outwards reinsurance premium expense	6	–	–	(556)	(485)
Net premium revenue (i)		–	–	7,065	7,233
Claims expense	6	–	–	(5,898)	(6,066)
Reinsurance and other recoveries revenue	5	–	–	826	696
Net claims expense (ii)	12	–	–	(5,072)	(5,370)
Acquisition costs	6	–	–	(1,054)	(1,213)
Other underwriting expenses	6	–	–	(761)	(680)
Fire services levies	6	–	–	(239)	(235)
Underwriting expenses (iii)		–	–	(2,054)	(2,128)
Underwriting profit/(loss) (i) + (ii) + (iii)		–	–	(61)	(265)
Investment income on assets backing insurance liabilities	5	–	–	574	795
Investment expenses on assets backing insurance liabilities	6	–	–	(20)	(15)
Insurance profit/(loss)		–	–	493	515
Investment income on equity holders' funds	5	358	255	200	(56)
Fee and other income	5	(96)	97	160	430
Share of net profit/(loss) of associates	5	–	–	3	8
Finance costs	6	(37)	(50)	(88)	(87)
Fee based, corporate and other expenses	6	–	–	(359)	(496)
Net income attributable to non-controlling interests in unitholders' funds	6	–	–	(7)	(2)
Profit/(loss) before income tax		225	302	402	312
Income tax (expense)/credit	8	(4)	–	(212)	(65)
Profit/(loss) for the year		221	302	190	247
OTHER COMPREHENSIVE INCOME AND (EXPENSE), NET OF TAX					
Actuarial gains and (losses) on defined benefit arrangements		–	–	(3)	(93)
Net movement in foreign currency translation reserve		–	–	28	5
Net movement in hedging reserve		–	–	1	(4)
Income tax (expense)/credit on other comprehensive income and (expense)		–	–	(30)	31
Other comprehensive income and (expense), net of tax		–	–	(4)	(61)
Total comprehensive income and (expense) for the year, net of tax		221	302	186	186
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO					
Equity holders of the Parent		221	302	91	181
Non-controlling interests		–	–	99	66
Profit/(loss) for the year		221	302	190	247
TOTAL COMPREHENSIVE INCOME AND (EXPENSE) FOR THE YEAR ATTRIBUTABLE TO					
Equity holders of the Parent		221	302	87	123
Non-controlling interests		–	–	99	63
Profit/(loss) for the year		221	302	186	186

	NOTE	CONSOLIDATED	
		2010	2009
		cents	cents
EARNINGS PER SHARE			
Basic earnings per ordinary share	10	4.39	9.32
Diluted earnings per ordinary share	10	4.36	9.26

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

BALANCE SHEETS

AS AT 30 JUNE 2010

	NOTE	2010 \$m	PARENT 2009 \$m	2010 \$m	CONSOLIDATED 2009 \$m
ASSETS					
Cash held for operational purposes	25	–	–	416	344
Investments	16	–	1	11,734	10,563
Premium receivable	17	–	–	2,046	2,108
Inventories		–	–	1	1
Trade and other receivables	17	1	96	1,084	887
Receivables from related bodies corporate		81	51	–	–
Current tax assets		–	49	5	85
Loans to related bodies corporate		912	884	–	–
Reinsurance and other recoveries receivable on outstanding claims	13	–	–	1,071	1,047
Prepayments		–	–	36	108
Deferred levies and charges		–	–	137	126
Deferred outwards reinsurance expense		–	–	258	268
Deferred acquisition costs	14	–	–	688	733
Deferred tax assets	8	71	30	302	382
Property and equipment	18	–	–	302	308
Investment in joint ventures and associates	28	–	–	283	122
Intangible assets	19	–	–	301	398
Investment in subsidiaries	27	6,035	5,785	–	–
Goodwill	20	–	–	1,782	1,880
Total assets		7,100	6,896	20,446	19,360
LIABILITIES					
Trade and other payables	21	7	8	1,041	863
Reinsurance premiums payable		–	–	239	188
Payables to related bodies corporate		62	91	–	–
Restructuring provision	22	–	–	22	34
Current tax liabilities		–	–	84	27
Unearned premium liability	15	–	–	4,207	4,072
Non-controlling interests in unitholders' funds		–	–	122	79
Lease provision		–	–	39	32
Employee benefits provision	29	–	–	298	321
Deferred tax liabilities	8	–	–	35	39
Loans from related bodies corporate		327	–	–	–
Outstanding claims liability	12	–	–	8,253	7,816
Interest bearing liabilities	23	600	640	1,450	1,053
Total liabilities		996	739	15,790	14,524
Net assets		6,104	6,157	4,656	4,836
EQUITY					
Share capital		5,353	5,326	5,353	5,326
Treasury shares held in trust		–	–	(58)	(55)
Reserves		–	–	(34)	(11)
Retained earnings		751	831	(775)	(589)
Parent interest		6,104	6,157	4,486	4,671
Non-controlling interests		–	–	170	165
Total equity		6,104	6,157	4,656	4,836

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	SHARE CAPITAL	TREASURY SHARES HELD IN TRUST	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE BASED REMUNERATION RESERVE	HEDGING RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2010								
Balance at the beginning of the financial year	5,326	(55)	(58)	48	(1)	(589)	165	4,836
Profit/(loss) for the year	-	-	-	-	-	91	99	190
Other comprehensive income	-	-	(3)	-	1	(2)	-	(4)
Total comprehensive income for the year	-	-	(3)	-	1	89	99	186
Transactions with owners in their capacity as owners								
Shares issued under Dividend Reinvestment Plan	27	-	-	-	-	-	-	27
Shares acquired and held in trust	-	(23)	-	-	-	-	-	(23)
Share based payment expense recognised	-	-	-	25	-	-	-	25
Share based remuneration vested	-	20	-	(26)	-	6	-	-
Share based remuneration lapsed	-	-	-	(20)	-	20	-	-
Non-controlling interests in acquisitions during the period	-	-	-	-	-	-	(9)	(9)
Dividends declared and paid	-	-	-	-	-	(301)	(85)	(386)
Balance at the end of the financial year	5,353	(58)	(61)	27	-	(775)	170	4,656
2009								
Balance at the beginning of the financial year	4,740	(71)	(65)	56	2	(458)	147	4,351
Profit/(loss) for the year	-	-	-	-	-	181	66	247
Other comprehensive income	-	-	7	-	(3)	(62)	(3)	(61)
Total comprehensive income for the year	-	-	7	-	(3)	119	63	186
Transactions with owners in their capacity as owners								
Shares issued under institutional placement, net of transaction costs	444	-	-	-	-	-	-	444
Shares issued under Share Purchase Plan, net of transaction costs	83	-	-	-	-	-	-	83
Shares issued under Dividend Reinvestment Plan	59	-	-	-	-	-	-	59
Shares acquired and held in trust	-	(16)	-	-	-	-	-	(16)
Share based payment expense recognised	-	-	-	18	-	-	-	18
Share based remuneration vested	-	32	-	(26)	-	(6)	-	-
Dividends declared and paid	-	-	-	-	-	(245)	(45)	(290)
Dividends received on treasury shares held in trust	-	-	-	-	-	1	-	1
Balance at the end of the financial year	5,326	(55)	(58)	48	(1)	(589)	165	4,836

PARENT	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	\$m	\$m	\$m
2010			
Balance at the beginning of the financial year	5,326	831	6,157
Profit/(loss) for the year	–	221	221
Transactions with owners in their capacity as owner			
Shares issued under Dividend Reinvestment Plan	27	–	27
Dividends declared and paid	–	(301)	(301)
Balance at the end of the financial year	5,353	751	6,104
2009			
Balance at the beginning of the financial year	4,740	774	5,514
Profit/(loss) for the year	–	302	302
Transactions with owners in their capacity as owner			
Shares issued under institutional placement, net of transaction costs	444	–	444
Shares issued under Share Purchase Plan, net of transaction costs	83	–	83
Shares issued under Dividend Reinvestment Plan	59	–	59
Dividends declared and paid	–	(245)	(245)
Balance at the end of the financial year	5,326	831	6,157

The above statements of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 \$m	PARENT 2009 \$m	2010 \$m	CONSOLIDATED 2009 \$m
CASH FLOWS FROM OPERATING ACTIVITIES					
Premium received		–	–	7,845	7,719
Reinsurance and other recoveries received		–	–	801	722
Claims costs paid		–	–	(5,514)	(5,775)
Outwards reinsurance premium expense paid		–	–	(495)	(542)
Dividends received		327	218	22	32
Interest and trust distributions received		31	55	534	564
Finance costs paid		(37)	(57)	(87)	(96)
Income taxes refunded		–	2	88	3
Income taxes paid		(39)	(98)	(138)	(189)
Other operating receipts		88	77	1,025	1,049
Other operating payments		(105)	–	(2,966)	(3,073)
Net cash flows from operating activities	25	265	197	1,115	414
CASH FLOWS FROM INVESTING ACTIVITIES					
Net cash flows on acquisition of subsidiaries/associates		(250)	–	(142)	(3)
Net cash flows on disposal of subsidiaries		–	–	–	(34)
Proceeds from disposal of investments and property and equipment		–	–	13,791	21,104
Outlays for investments and property and equipment		–	–	(14,498)	(21,419)
Net cash flows from investing activities		(250)	–	(849)	(352)
CASH FLOWS FROM FINANCING ACTIVITIES					
Outlays for purchase of treasury shares		–	–	(23)	(16)
Proceeds from issue of trust units		–	–	163	457
Outlays for redemption of trust units		–	–	(126)	(474)
Proceeds from borrowings		1,183	518	272	–
Repayment of borrowings		(924)	(1,056)	(406)	(284)
Dividends paid to IAG equity holders*		(301)	(245)	(301)	(245)
Dividends paid to non-controlling interests		–	–	(85)	(45)
Proceeds from issue of shares*		27	586	27	586
Dividends received on treasury shares		–	–	–	1
Net cash flows from financing activities		(15)	(197)	(479)	(20)
Net movement in cash held		–	–	(213)	42
Effects of exchange rate changes on balances of cash held in foreign currencies		–	–	(16)	6
Cash and cash equivalents at the beginning of the financial year		–	–	1,282	1,234
Cash and cash equivalents at the end of the financial year	25	–	–	1,053	1,282

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

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