

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2005

| | NOTES | PARENT 2005 \$m | PARENT 2004 \$m | CONSOLIDATED 2005 \$m | CONSOLIDATED 2004 \$m |
|---|-------|-----------------------|-----------------------|-----------------------------|-----------------------------|
| Cash flows from operating activities | | | | | |
| Premium received | | - | - | 6,610 | 6,578 |
| Reinsurance and other recoveries received | | - | - | 452 | 458 |
| Claims costs paid | | - | - | (4,179) | (4,168) |
| Reinsurance expense paid | | - | - | (394) | (474) |
| Dividends received | | 585 | 811 | 88 | 72 |
| Interest and similar items received | | - | - | 470 | 454 |
| Borrowing costs paid | | - | - | (62) | (46) |
| Income tax refund | | - | - | 4 | 16 |
| Income taxes paid | | (154) | (49) | (315) | (139) |
| Other operating receipts | | - | - | 1,036 | 1,094 |
| Other operating payments | | - | - | (2,813) | (2,676) |
| Net cash provided by operating activities | 25 | 431 | 762 | 897 | 1,169 |
| Cash flows from investing activities | | | | | |
| Net cash flows on acquisition of controlled entities | 27(a) | - | (287) | (7) | - |
| Net cash flows on disposal of controlled entities | 27(b) | - | 220 | - | (45) |
| Return of capital by a controlled entity | | - | 285 | - | - |
| Proceeds from disposal of investments and property, plant and equipment | | - | - | 19,987 | 23,034 |
| Outlays for investments and property, plant and equipment acquired | | (60) | (466) | (20,126) | (23,758) |
| Repayment of premium funding loans | | - | - | 375 | 285 |
| Advances of premium funding loans | | - | - | (414) | (300) |
| Net cash used in investing activities | | (60) | (248) | (185) | (784) |
| Cash flows from financing activities | | | | | |
| Outlays for share buy-back inclusive of costs | | - | (417) | - | (417) |
| Outlays for return of capital to outside equity interests | | - | - | - | (56) |
| Proceeds from issues of trust units | | - | - | 2,035 | 948 |
| Outlays for redemption of trust units | | - | - | (2,163) | (567) |
| Proceeds from issue of reset exchangeable securities, net of transaction costs | | - | - | 537 | - |
| Outlays to acquire Portfolio (see note 1(aa)) | | - | - | (550) | - |
| Proceeds from other borrowings inclusive of costs | | 71 | 184 | 9 | 671 |
| Repayment of borrowings | | - | - | (9) | (815) |
| Dividends paid to IAG shareholders | 8 | (442) | (282) | (442) | (282) |
| Dividends paid to outside equity interests | | - | - | (96) | (72) |
| Net cash used in financing activities | | (371) | (515) | (679) | (590) |
| Net increase / (decrease) in cash held | | - | (1) | 33 | (205) |
| Effects of exchange rate changes on balances of cash held in foreign currencies | | - | - | (1) | 3 |
| Cash at the beginning of the financial year | | 1 | 2 | 424 | 626 |
| Cash at the end of the financial year | 26 | 1 | 1 | 456 | 424 |

The above statements of cash flows are to be read in conjunction with the notes to the financial statements.