

25 January 2013

Manager, Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir / Madam

**RECLASSIFICATION OF FY12 RESULTS – UK OPERATIONS HELD FOR SALE**

On 14 December 2012, Insurance Australia Group Limited (IAG) announced the sale of all its UK operations. The announcement also stated that the UK operations would be classified as a business held for sale at 31 December 2012.

In the forthcoming results announcement for the six months ended 31 December 2012 (1H13), the contribution from the UK business will be identified as a single line item in the statement of comprehensive income and will be designated 'discontinued operations'. It is a requirement of the relevant accounting standard, AASB 5, that the equivalent figures for the prior period, being the year ended 30 June 2012 (FY12), be reclassified to reflect the changed treatment of the UK business.

Please find attached a reclassification of IAG's FY12 results, as will appear as comparative figures in the 1H13 results to be announced on 21 February 2013.

In the balance sheet at 31 December 2012, the UK operations will be disclosed separately as the individual line items 'assets held for sale' and 'liabilities held for sale'. There is no requirement to reclassify any balance sheet comparatives.

Yours sincerely



Chris Bertuch  
**Group General Counsel & Company Secretary**

## IAG – RECLASSIFIED FY12 RESULTS

	1H12	2H12	FY12
	A\$m	A\$m	A\$m
<b>GROUP RESULTS</b>			
<b>Gross written premium</b>	<b>4,045</b>	<b>4,450</b>	<b>8,495</b>
Gross earned premium	3,916	4,130	8,046
Reinsurance expense	(335)	(365)	(700)
<b>Net earned premium</b>	<b>3,581</b>	<b>3,765</b>	<b>7,346</b>
Net claims expense	(2,819)	(2,602)	(5,421)
Commission expense	(302)	(302)	(604)
Underwriting expense	(657)	(733)	(1,390)
<b>Underwriting profit/(loss)</b>	<b>(197)</b>	<b>128</b>	<b>(69)</b>
Investment income on technical reserves	473	441	914
<b>Insurance profit</b>	<b>276</b>	<b>569</b>	<b>845</b>
Net corporate expense	-	(56)	(56)
Interest	(44)	(53)	(97)
Profit/(loss) from fee based business	10	5	15
Share of profit/(loss) from associates	(1)	(4)	(5)
Investment income on shareholders' funds	(30)	119	89
<b>Profit before income tax and amortisation</b>	<b>211</b>	<b>580</b>	<b>791</b>
Income tax expense	(29)	(148)	(177)
<b>Profit after income tax (before amortisation)</b>	<b>182</b>	<b>432</b>	<b>614</b>
Non-controlling interests	(23)	(35)	(58)
<b>Profit attributable to IAG shareholders (before amortisation)</b>	<b>159</b>	<b>397</b>	<b>556</b>
Amortisation and impairment	(8)	(20)	(28)
<b>Profit attributable to IAG shareholders from continuing operations</b>	<b>151</b>	<b>377</b>	<b>528</b>
Net (loss) after tax from discontinued operations	(7)	(314)	(321)
<b>Profit attributable to IAG shareholders</b>	<b>144</b>	<b>63</b>	<b>207</b>