



ASX Announcement

23 February 2011

Suncorp Group Limited Financial Reports – 31 December 2010

Attached is the Suncorp Group Limited **Interim Financial Report** for the period 25 August 2010 to 31 December 2010.

Suncorp Group Limited (**the Company**), was admitted to the Official List of ASX Limited on 24 December 2010 but did not commence operations until 7 January 2011, being the implementation date of a Scheme of Arrangement approved on 23 December 2010 (**Scheme**).

Under the Scheme, Suncorp-Metway Limited and its controlled entities (**the Group**) were restructured under a new non-operating holding company - Suncorp Group Limited.

As the Company did not operate during the six months ended 31 December 2010, the Group financial results for that period have been reported by Suncorp-Metway Limited (ASX Code SBK).

Therefore the attached Interim Financial Report should be read in conjunction with the following announcements made earlier today by Suncorp-Metway Limited, copies of which have been lodged separately under ASX Code SUN.

- Suncorp-Metway Limited - Half-Year Results Summary;
- Suncorp-Metway Limited - Announcement of Consolidated Financial Results for the six months ended 31 December 2010.

C R Chuter
Corporate Secretary

Suncorp Group Limited

ABN 66 145 290 124

Interim financial report for the period from 25 August 2010 to 31 December 2010

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The directors present their report together with the interim financial report of Suncorp Group Limited ("the Company") for the period from 25 August 2010 to 31 December 2010 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are:

Non-executive

John D Story (Chairman), appointed 22 December 2010
Ilana Atlas, appointed 1 January 2011
William J Bartlett, appointed 22 December 2010
Paula J Dwyer, appointed 22 December 2010
Stuart I Grimshaw, appointed 22 December 2010
Ewoud J Kulk, appointed 22 December 2010
Geoffrey T Ricketts, appointed 22 December 2010
Dr Zygmunt E Switkowski, appointed 22 December 2010

Executive

Clayton N Herbert, appointed 25 August 2010, resigned 22 December 2010
Patrick J Nesbitt, appointed 25 August 2010, resigned 22 December 2010
Patrick J R Snowball (Managing Director), appointed 25 August 2010

Principal activities

The Company was incorporated on 25 August 2010, and as at 31 December 2010 was a wholly owned subsidiary of Suncorp-Metway Ltd. The Company was listed on the Australian Securities Exchange on 24 December 2010 and its shares commenced trading on a deferred settlement basis on this date.

Review of operations

The Company did not operate during the period and has reported a \$nil profit for the period ended 31 December 2010.

Events subsequent to reporting date

On 7 January 2011, the Suncorp-Metway Ltd Group completed a restructure under a court approved scheme of arrangement, which resulted in Suncorp Group Limited becoming the new parent entity of the Group, listed on the Australian Securities Exchange. Under the scheme of arrangement, the ordinary shareholders of Suncorp-Metway Ltd transferred their ordinary shares in Suncorp-Metway Ltd to the Company in exchange for the same number of the Company's ordinary shares.

Immediately following implementation of the scheme of arrangement, the Group has undertaken an internal restructure involving internal asset and liability transfers to align with the new corporate structure. This included the transfer of the general insurance, life and corporate services subsidiaries from Suncorp-Metway Ltd to the Company.

The Suncorp-Metway Ltd consolidated interim financial report for the half-year ended 31 December 2010 has been lodged with the Australian Securities and Investments Commission and Australian Securities Exchange at the date of this report which includes the overall operations for the Suncorp-Metway Ltd Group for the reported period.

Except as noted above, there has not arisen in the interval between 31 December 2010 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

Dividends

As the Company is now the listed parent entity of the Suncorp group of companies at the date of this report, the directors of the Company have declared a fully franked 2011 interim dividend of \$192,208,579 (15 cents per share). The dividend is expected to be paid by the Company on 1 April 2011.

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the period ended 31 December 2010.

Signed in accordance with a resolution of the directors.

John D Story
Chairman

Patrick J R Snowball
Managing Director

Brisbane
23 February 2011



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Suncorp Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period from 25 August 2010 to 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Paul Reid
Partner

Brisbane
23 February 2011

Suncorp Group Limited
Interim statement of comprehensive income
for the period from 25 August 2010 to 31 December 2010

	25 August 2010 – 31 December 2010
	\$
Revenue	-
Expenses	-
Profit before tax	-
Income tax expense	-
Profit for the period	-
Attributable to owners of the Company	-
Other comprehensive income	-
Total comprehensive income attributable to owners of the Company	-
	Cents
Earnings per share:	
Basic earnings per share	-
Diluted earnings per share	-

The interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

	31 December 2010
Note	\$
Assets	
Cash and cash equivalents	1
Total assets	1
Liabilities	
	-
Net assets	1
Equity	
Share capital	6 1
Total equity	1

The interim statement of financial position is to be read in conjunction with the accompanying notes.

	Share capital	Total Equity
	\$	\$
Balance as at 25 August 2010	-	-
Profit after tax for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	-	-
Transactions with owners, recorded directly in equity	1	1
Dividends paid	-	-
Balance as at 31 December 2010	1	1

The interim statement of changes in equity is to be read in conjunction with the accompanying notes.

	25 August 2010 – 31 December 2010
	\$
Cash flows from operating activities	
Net cash from operating activities	-
Cash flows from investing activities	
Net cash from investing activities	-
Cash flows from financing activities	
Proceeds from issue of shares	1
Net cash from financing activities	1
Net increase in cash and cash equivalents	1
Cash and cash equivalents at 25 August 2010	-
Cash and cash equivalents at end of the period	1
Cash and cash equivalents at end of the period comprises:	
Cash and cash equivalents	1
	1

The interim statement of cash flows is to be read in conjunction with the accompanying notes.

Note 1. Reporting entity

Suncorp Group Ltd (“the Company”) was incorporated on 25 August 2010 and is domiciled in Australia. The address of the Company’s registered office is Level 18, 36 Wickham Terrace, Brisbane, QLD 4000. The interim financial report is prepared for the Company, as an individual entity, for the period from 25 August 2010 to 31 December 2010.

Note 2. Basis of preparation

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report was approved by the Board of Directors on 23 February 2011.

The interim financial statements have been prepared on the historical cost basis.

The interim statement of financial position is prepared using a liquidity format in which the assets and liabilities are presented in order of liquidity. The assets and liabilities comprise both current amounts (expected to be recovered or settled within 12 months after the reporting date) and non-current amounts (expected to be recovered or settled more than 12 months after the reporting date).

These interim financial statements are presented in Australian dollars which is the Company’s functional currency.

As the Company was incorporated on 25 August 2010, the period from 25 August 2010 to 31 December 2010 is the first reporting period for the Company and as such no comparative information is available.

Note 3. Significant accounting policies

Except as described in subsequent notes, the accounting policies set out below have been applied consistently during the period by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand.

(b) Share capital

Ordinary shares are classified as equity.

(i) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the period but not distributed at reporting date.

Where a dividend is declared post-reporting date but prior to the date of the financial report, disclosure of the declaration is made in the financial report but no provision is made.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity.

(iii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Transaction costs in excess of the proceeds of the equity instruments issued, or where no proceeds are raised, are recognised as an expense.

Note 3 Significant accounting policies (continued)

(c) Contingent liabilities and contingent assets

Contingent liabilities are not recognised in the statement of financial position but are disclosed in the financial report, unless the possibility of settlement is remote, in which case no disclosure is made. If settlement becomes probable and the amount can be reliably estimated, a provision is recognised.

Contingent assets are not recognised in the statement of financial position but are disclosed in the financial reports when inflows are probable. If inflows become virtually certain, an asset is recognised.

The amount disclosed as a contingent liability or contingent asset is the best estimate of the settlement or inflow.

(d) Income tax

Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent it relates to items recognised in equity, in which case it is recognised in equity.

Current income tax payable on profits is recognised as an expense in the period in which profits arise.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Tax consolidation

During the reporting period, the Company was a wholly-owned subsidiary in a tax-consolidated group, with Suncorp-Metway Ltd as the head entity.

The Company recognises the current and deferred tax amounts applicable to the transactions undertaken by it, as if it continued to be a separately taxable entity in its own right, reasonably adjusted for certain intragroup transactions. The head entity recognises the entire tax-consolidated group's current tax liability. Any differences, per subsidiary, between the current tax liability and any tax funding arrangement amounts (see below) are recognised by the Company as an equity contribution to or distribution from the subsidiary.

The tax-consolidated group has entered into a tax sharing agreement that requires wholly-owned subsidiaries to make contributions to the head entity for tax liabilities arising from external transactions occurring after the implementation of tax consolidation. The contributions are calculated as if the subsidiary was a separately taxable entity in its own right, reasonably adjusted for certain intragroup transactions. The assets and liabilities arising under the tax sharing agreement are recognised as intercompany assets and liabilities, at call.

The head entity, together with the other members of the consolidated group, have also, via the tax sharing agreement, provided for the determination of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this component of the agreement as this outcome is considered remote.

(e) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to owners of the Company adjusted for any costs of servicing equity other than ordinary shares (the numerator), by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the year (the denominator).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- In the numerator, the after-tax effect of dividends, interest and other consequential changes in income or expense associated with the dilutive potential ordinary shares; and
- In the denominator, the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated accounting assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Note 5. Segment reporting

As the Company did not operating during the period and has a \$nil profit for the period, segment reporting is not applicable for the period.

Note 6. Share capital

	Ordinary shares	25 August 2010 – 31 December 2010
	Number	\$
Share capital		
<i>Issued capital</i>		
Balance at the beginning of the period		-
Shares issued	1	1
Balance at the end of the period	1	1
Total share capital	1	1

Note 7. Dividends

	Cents per share	25 August 2010 – 31 December 2010
		\$
Dividends not recognised in the statement of financial position		
Interim 2011 dividend at 31 December 2010, but not recognised as a liability in the statement of financial position	15	192,208,579
Total dividends not recognised in the statement of financial position		192,208,579

On 7 January 2011, the Suncorp-Metway Ltd Group completed a restructure under a court approved scheme of arrangement, which resulted in Suncorp Group Limited becoming the new parent entity of the Group.

As the Company is the listed parent entity of the Suncorp group of companies at the date of this report, the directors of the Company have declared a fully franked 2011 interim dividend of \$192,208,579 (15 cents per share). The dividend is expected to be paid by the Company on 1 April 2011.

Note 8. Contingent assets and liabilities

There are no contingent assets or contingent liabilities at 31 December 2010.

Note 9. Related parties

(a) Identity of related parties

The Company has a related party relationship with its parent entity, Suncorp-Metway Ltd, and with its key management personnel.

The only related party transaction during the period was the initial capital injection of \$1 made by Suncorp-Metway Ltd.

(b) Key management personnel

From their appointment to resignation dates, the directors have authority and responsibility for planning, directing and controlling the activities of the Company and accordingly are considered the key management personnel of the Company. The directors of the Company at any time during or since the end of the period are:

Non-executive

John D Story (Chairman), appointed 22 December 2010

Ilana Atlas, appointed 1 January 2011

William J Bartlett, appointed 22 December 2010

Paula J Dwyer, appointed 22 December 2010

Stuart I Grimshaw, appointed 22 December 2010

Ewoud J Kulk, appointed 22 December 2010

Geoffrey T Ricketts, appointed 22 December 2010

Dr Zygmunt E Switkowski, appointed 22 December 2010

Executive

Clayton N Herbert, appointed 25 August 2010, resigned 22 December 2010

Patrick J Nesbitt, appointed 25 August 2010, resigned 22 December 2010

Patrick J R Snowball (Managing Director), appointed 25 August 2010

Note 10. Subsequent events

On 7 January 2011, the Suncorp-Metway Ltd Group completed a restructure under a court approved scheme of arrangement, which resulted in Suncorp Group Limited becoming the new parent entity of the Group, listed on the Australian Securities Exchange. Under the scheme of arrangement, the ordinary shareholders of Suncorp-Metway Ltd transferred their ordinary shares in Suncorp-Metway Ltd to the Company in exchange for the same number of the Company's ordinary shares.

Immediately following implementation of the scheme of arrangement, Suncorp-Metway Ltd has undertaken an internal restructure involving internal asset and liability transfers to align with the new corporate structure. This included the transfer of the general insurance, life and corporate services subsidiaries from Suncorp-Metway Ltd to the Company.

The Suncorp-Metway Ltd consolidated interim financial report for the half-year ended 31 December 2010 has been lodged with the Australian Securities and Investments Commission and Australian Securities Exchange at the date of this report which includes the overall operations for the Suncorp-Metway Ltd Group for the reported period.

Except as noted above, there has not arisen in the interval between 31 December 2010 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

In the opinion of the directors of Suncorp Group Limited ("the Company"):

1. the financial statements and notes set out on pages 4 to 11, are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the period from 25 August 2010 to 31 December 2010 ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 23rd day of February 2011.

Signed in accordance with a resolution of the directors:

John D Story
Chairman

Patrick J R Snowball
Managing Director

Report on the financial report

We have reviewed the accompanying interim financial report of Suncorp Group Limited ("the Company"), which comprises the statement of financial position as at 31 December 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 25 August 2010 to 31 December 2010, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company for the period from 25 August 2010 to 31 December 2010.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the period from 25 August 2010 to 31 December 2010; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Suncorp Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Suncorp Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the period from 25 August 2010 to 31 December 2010; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Paul Reid
Partner

Brisbane
23 February 2011