SUNCORP LIFE & SUPERANNUATION LIMITED
and its controlled entities
ABN 87 073 979 530

Consolidated financial report – 30 June 2005

This financial report covers both Suncorp Life & Superannuation Limited as an individual entity and the consolidated entity consisting of Suncorp Life & Superannuation Limited and its controlled entities.

Suncorp Life & Superannuation Limited is a company limited by shares, incorporated and domiciled in Australia. Its office and principal place of business is:

Suncorp Life & Superannuation Limited
36 Wickham Terrace
Brisbane Qld 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of the financial report.

Contents

Your directors present their report together with the financial report for Suncorp Life & Superannuation Limited ("the Company") and the consolidated entity consisting of Suncorp Life & Superannuation Limited and its controlled entities ("the consolidated entity") for the year ended 30 June 2005.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

John D **Story** (Chairman)	(Appointed 1 December 1996)
John F **Mulcahy** (Managing Director)	(Appointed 6 January 2003)
William J **Bartlett**	(Appointed 1 July 2003)
Dr Ian D **Blackburne**	(Appointed 3 August 2000)
Rodney F **Cormie**	(Appointed 1 December 1996)
Dr Cherrell **Hirst** AO	(Appointed 8 February 2002)
James J **Kennedy** AO, CBE	(Appointed 1 August 1997)
Martin D E **Kriewaldt**	(Appointed 14 June 1996)
Christopher **Skilton** (Executive Director)	(Appointed 13 November 2002)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the year were the provision of life insurance, superannuation and funds management products and related services to the retail, corporate and commercial sectors. There were no significant changes in the nature of the activities carried out by the consolidated entity during the year.

REVIEW OF OPERATIONS

Consolidated profit from ordinary activities after income tax for the year ended 30 June 2005 was $142.0 million (2004: $97.9 million). Current year profit benefited from the increase in equity markets.

Premiums for the year were $622.4 million (2004: $550.9 million), which included $92.7 million (2004: $101.6 million) of policy conversions transferring between statutory funds. The increase in premium is due to the increase in new business in the current year together with better retention rates.

Total consolidated assets increased from $3,964.3 million to $4,807.1 million. This is due to increased investment earnings as well as the inclusion of additional controlled unit trusts in the current year with assets of $410.5 million.

Changes to the market value of the Company's investment in controlled entities are brought to account in accordance with accounting standard AASB 1038 *Life Insurance Business*. The market value is based on the embedded value, which includes the net assets of the entity and present value of future profits from inforce business. The controlled entity Suncorp Financial Services Pty Ltd (SFS) operates the customer service activities of the retail unit trusts business. The increase in embedded value of $4.6 million before tax (2004 increased by $1.3 million) was driven by growth in funds under management and greater than expected investment earnings.

The financial strength of our business is reflected by the coverage of the Solvency Reserve as set by the Life Insurance Actuarial Standards Board (LIASB). The coverage of the Solvency Reserve for the Statutory Funds at 2.7 at 30 June 2005 (2004: 3.4) has been maintained at a high level throughout the year.

Total distributions of profits to participating policyowners increased over the year. The prospects for participating policyowners remain very sound given the financial position of our Capital Guaranteed Fund and the current and prospective profitability of the fund. The capital adequacy position of the fund remains very strong and provides significant security for the guarantees being offered.

On the 24th June 2005 the Company redeemed its 29 million redeemable preference shares from the proceeds of a new issue of 29 million ordinary shares. The new shares have the same rights attaching to the existing issue of ordinary shares. There is no impact on the Company from the redemption and issue of new shares.

DIVIDENDS

Since the end of the year the directors have recommended the payment of a final dividend as follows:

Ordinary Shares
A 2005 final dividend of $1.026 per ordinary share (2004: $0.82), amounting to $40 million (2004: $8.2 million).

Redeemable Preference Shares
No dividends will be paid as preference shares were redeemed on 24 June 2005. $23.8 million ($0.82 per redeemable preference share) was paid during the year in respect of a final dividend for 2004.

The aggregate amount of the proposed dividend expected to be paid at a date to be set is not recognised in the statements of financial position.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

EVENTS SUBSEQUENT TO BALANCE DATE

For reporting periods beginning on or after 1 July 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 2 to the financial statements.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report, any 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

There has been no substantial change in business operations and none are expected in the coming financial year.

Further information on the likely developments in the operations of the Company and the expected results of those operations in future years have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION

The operations of the consolidated entity are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of the States or Territories.

The consolidated entity has not incurred any liability (including rectification costs) under any environmental legislation.

INSURANCE OF OFFICERS

During the financial year ended 30 June 2005, the ultimate parent entity of the Company has paid insurance premiums in respect of a Directors' and Officers' Liability insurance contract. The contract insures each person who is or has been a Director or executive officer (as defined in the Corporations Act 2001) of the Company against certain liabilities arising in the course of their duties to the Company. The Directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the insurance contract as disclosure is prohibited under the terms of the contract.

INDEMNIFICATION OF OFFICERS

Under the ultimate parent entity's Constitution, the ultimate parent entity, Suncorp-Metway Ltd, indemnifies each person who is or has been a Director or officer of the Company. The indemnity relates to all liabilities to another party (other than the Company or a related body corporate) that may arise in connection with the performance of their duties to the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Constitution stipulates that the ultimate parent entity will meet the full amount of such liabilities, including costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with an application in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

CORPORATE GOVERNANCE

Audit Committee
The members of the Audit Committee at the end of the financial year are:
W J Bartlett (Chairman)
I D Blackburne
R F Cormie
Dr C Hirst
JJ Kennedy
M D E Kriewaldt
J D Story

The primary role of this Committee is to assist the board in fulfilling its statutory and fiduciary responsibilities with respect to oversight of the Company's financial and operational control environment.

At all times throughout the reporting period, the members of the Audit Business Risk & Compliance Committee and subsequently the Audit Committee, as detailed below, were independent, non-executive directors. To further enhance the independence of the audit functions, (both internal and external) there were no management representatives on either of the committees during the year, however the Managing Director, Chief Financial Officer, and the internal and external auditor are invited to committee meetings at the discretion of the committee.

The committee also holds discussions with the auditors in the absence of management on a regular basis and the provision of non-audit services by the external auditor is reviewed by the committee to ensure the integrity of the auditors independence is not prejudiced.

Risk Committee
The members of the Risk Committee at the end of the financial year are:
I D Blackburne (Chairman)
W J Bartlett
R F Cormie
Dr C Hirst
JJ Kennedy
M D E Kriewaldt
J D Story

The role of the Risk Committee is to provide an oversight across the Company for all categories of risk through the identification, assessment and management of risk and monitoring adherence to internal risk management policies and procedures.

Nomination & Remuneration Committee
The members of the Nomination & Remuneration Committee at the end of the financial year are:
J D Story (Chairman)
I D Blackburne
Dr C Hirst

The primary role of this committee is to make recommendations to the Board on appointment and removal of directors, Board performance, the remuneration of directors and the remuneration and performance targets of the Managing Director, remuneration and performance targets of direct reports to the Managing Director, appointments to and terminations of Senior Executive positions reporting to the Managing Director, remuneration and human resource policy matters and to review Board and management succession planning.

DIRECTORS' INTERESTS AND BENEFITS

Directors' benefits are set out in notes 28 and 29.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the director's report for the year ended 30 June 2005.

ROUNDING OF AMOUNTS

The consolidated entity is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest one hundred thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of directors.

John D Story
Chairman

John F Mulcahy
Managing Director

Brisbane
26 August 2005

KPMG

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: the directors of Suncorp Life & Superannuation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2005 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

BGreig

Brian Greig
Partner

Brisbane
26 August 2005

	Note	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Premium revenue	5	113.4	104.1	113.4	104.1
Outwards reinsurance expense		(29.6)	(27.4)	(29.6)	(27.4)
		83.8	76.7	83.8	76.7
Investment revenue	6	520.9	396.7	587.0	443.4
Other revenue	4	23.4	20.7	45.7	27.0
Total revenue		628.1	494.1	716.5	547.1
Claims expense	7	(73.2)	(70.6)	(73.2)	(70.6)
Reinsurance recoveries revenue	4	21.9	16.6	21.9	16.6
		(51.3)	(54.0)	(51.3)	(54.0)
Operating expenses	8	(98.1)	(91.3)	(105.9)	(99.9)
Increase in net policy liabilities	36(A)	(378.4)	(221.5)	(378.4)	(221.5)
Decrease (increase) in policy owner retained profits	36(B)	24.3	(29.3)	24.3	(29.3)
Total operating expenses		(503.5)	(396.1)	(511.3)	(404.7)
Profit from ordinary activities before income tax		124.6	98.0	205.2	142.4
Income tax expense	11	62.5	44.2	63.2	44.5
Profit from ordinary activities after income tax expense		62.1	53.8	142.0	97.9
Net profit attributable to outside equity interests	13	-	-	79.9	44.1
Net profit attributable to members of the parent entity		62.1	53.8	62.1	53.8
Total changes in equity attributable to members of the parent entity other than those resulting from transactions with owners as owners		62.1	53.8	62.1	53.8

The above statements of financial performance should be read in conjunction with the accompanying notes.

		Company		Consolidated	
		2005	2004	2005	2004
	Note	$m	$m	$m	$m
ASSETS					
Cash	**22**	27.3	16.8	32.1	21.9
Outstanding premiums		5.0	4.8	5.0	4.8
Receivables	**16**	199.0	75.2	87.8	48.8
Other financial assets					
Equity security investments	**17**	1,888.8	1,604.9	2,290.7	1,812.3
Debt security investments	**17**	1,549.6	1,271.8	2,017.4	1,538.6
Property investments	**17**	290.6	489.4	290.6	489.4
Other investments	**17**	(0.8)	(0.7)	(2.0)	(0.7)
Excess of net market value of interests in controlled entities over their recognised net amounts		-	-	18.0	15.1
Other assets					
Gross policy liabilities ceded under reinsurance	**36(A)**	43.3	24.3	43.3	24.3
Other assets	**18**	3.6	2.5	24.2	9.8
TOTAL ASSETS		4,006.4	3,489.0	4,807.1	3,964.3
LIABILITIES					
Payables	**19**	48.6	38.5	129.3	172.0
Premiums in advance		2.7	2.6	2.7	2.6
Deposits and short term borrowings	**20**	106.5	44.3	105.8	43.7
Gross policy liabilities	**36(A)**	3,244.1	2,804.9	3,244.1	2,804.9
Policy owner retained profits	**36(B)**	324.5	348.8	324.5	348.8
TOTAL LIABILITIES		3,726.4	3,239.1	3,806.4	3,372.0
NET ASSETS		280.0	249.9	1,000.7	592.3
EQUITY					
Parent entity interest					
Contributed equity	**21**	39.0	39.0	39.0	39.0
Shareholder's retained profits	**12, 32**	241.0	210.9	241.0	210.9
Total parent entity interest		280.0	249.9	280.0	249.9
Outside equity interests	**13**	-	-	720.7	342.4
TOTAL EQUITY		280.0	249.9	1,000.7	592.3

The above statements of financial position should be read in conjunction with the accompanying notes.

	Note	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums received		529.1	447.1	529.1	447.1
Fee income received		23.3	20.5	20.9	15.7
Other operating income received		0.1	0.2	69.7	49.4
Reinsurance premiums paid		(29.3)	(28.9)	(29.3)	(28.9)
Claims payments under policies		(443.8)	(498.5)	(443.8)	(498.5)
Reinsurance and other recoveries received		0.8	5.4	0.8	5.4
Operating expenses paid		(76.6)	(93.7)	(186.5)	(9.9)
Interest received		94.5	54.9	82.0	29.5
Dividends received		220.6	75.6	76.3	546.4
Property income received		(82.6)	16.6	54.9	162.8
Other investment income received		(1.6)	(1.3)	(0.4)	(16.0)
Net cash inflow (outflow) from operating activities	**22**	234.5	(2.1)	173.7	703.0
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of investments		(1,110.4)	(845.2)	(7,042.9)	(5,501.6)
Proceeds from disposal of investments		923.0	869.3	6,700.1	4,578.4
Net decrease in loans advances and other receivables		(0.7)	(2.9)	(0.7)	(2.9)
Net cash inflow (outflow) from investing activities		(188.1)	21.2	(343.5)	(926.1)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net increase (decrease) in deposits and other borrowings		(0.3)	(7.3)	(1.1)	(5.0)
Proceeds from issue of units		-	-	442.2	344.0
Distributions paid to outside equity interests		-	-	(143.8)	(45.7)
Proceeds from issue of ordinary shares		29.0	-	29.0	-
Redemption of preference shares		(29.0)	-	(29.0)	-
Dividends paid		(32.0)	-	(32.0)	-
Net cash inflow (outflow) from financing activities		(32.3)	(7.3)	265.3	293.3
NET INCREASE IN CASH AND CASH EQUIVALENTS		14.1	11.8	95.5	70.2
Cash at beginning of the financial year		82.1	70.3	142.0	71.8
CASH AT THE END OF THE FINANCIAL YEAR	**22**	96.2	82.1	237.5	142.0

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTE	CONTENTS	PAGE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, and the Corporations Act 2001. Additional disclosures have been made so that the financial report also complies with the requirements of the returns required under Prudential Rules No 35 of the Life Insurance Act 1995 ("the Life Act").

Principles underlying conduct of the life insurance business
The life insurance operations of the Company are conducted within two separate statutory funds, as required by the Life Act, and are reported in aggregate with the shareholder's fund in the Company's statements of financial performance, statements of financial position and statements of cash flows. The life insurance operations consist of investment-linked business and non investment-linked business.

Investment-linked business is business in which the Company issues a contract where the benefit amount is directly linked to the market value of the investments held in the particular investment-linked fund. While the underlying assets are registered in the name of the Company and the investment-linked policy owner has no direct access to the specific assets, the contractual arrangements are such that the investment-linked policy owner bears the risk and rewards of the fund's investment performance. The Company derives fee income from the administration of the investment-linked policies and funds.

Non investment-linked business is business in which the Company issues a policy contract where the insured benefit is not directly linked to the market value of the investments held. It is payable on death, or the occurrence of a contingency dependent on the termination or continuance of human life. Alternatively, the benefit is payable on the occurrence of injury or disability caused by accident or illness. The financial risk of the occurrence of injury or disability caused by accident or illness, and the financial risk of the occurrence of the event, which crystallises the payment of the insured benefit, is borne by the Company.

Participating policy owner benefits, both vested and unvested, are treated as expenses when incurred and liabilities until paid. Eighty percent of the participating business results, before allocation of bonuses, is allocated to policy owners and expensed in the statements of financial performance. The remaining twenty percent is allocated to the shareholder. All profits and losses from non-participating business are allocated to the shareholder.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

(A) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Suncorp Life & Superannuation Limited ("the Company") as at 30 June 2005 and the results of all controlled entities for the year then ended. The Company and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statements of financial performance and statements of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The consolidated entity consolidates all of the assets, liabilities, revenues and expenses of managed fund investment schemes where the consolidated entity's life insurance statutory funds have the capacity to control schemes in which they are the majority investor.

(B) Shareholder's entitlements

The shareholder's entitlement to monies held in the statutory funds is subject to the distribution and transfer restrictions and other requirements of the Life Act (refer note 15).

(C) Premiums and claims

The Company adopts AASB 1038 *Life Insurance Business* which requires components of premiums that are not revenues (i.e. amounts akin to deposits and which qualify for recognition as liabilities) and components of claims that are not expenses (i.e. amounts akin to withdrawals from deposits and which qualify for recognition as reductions in liabilities) to be removed from reported changes in premiums and claims as shown in notes 5 and 7 (changes in policy liabilities in note 36). Application of this accounting policy has no impact on the financial results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Premiums and claims (Continued)

Premiums with no due date are recognised as revenue on a cash received basis. Premiums with a regular due date are recognised as revenue on an accruals basis. Unpaid premiums are only recognised as revenue during the days of grace or where secured by the surrender value of the policy and are included as "Outstanding premiums" in the statements of financial position. Premiums due after but received before the end of the financial year are shown as "Premiums in advance" in the statements of financial position.

Claims under investment-linked business are recognised when the policy ceases to participate in the earnings of the fund. Claims on non investment-linked business are recognised when the liability to the policy owner under the policy contract has been established.

(D) Other revenue recognition

Investment income

All investment revenue is brought to account on an accruals basis.

Dividends are recognised as income on the date the shares are quoted ex-dividend. Distributions from unlisted unit trusts are recognised on the date the unit value is quoted ex-distribution.

Net realised and unrealised gains and losses are included in the statements of financial performance and are determined as the difference between the net market value at year end or consideration received (if sold during the period), and the net market value as at the prior year end or cost (if the investment was acquired during the period).

Fees and commissions

Fees and commissions are taken to income in the financial year in which they are earned.

(E) Acquisition costs

Acquisition costs, being the fixed and variable costs of acquiring new business, include commission, certain advertising, policy issue and underwriting costs, agency expenses and other sales costs. The actual acquisition costs incurred are recorded in the statements of financial performance.

Policy Acquisition Costs

Policy liabilities are determined by the Appointed Actuary after taking into account the value and future recovery of acquisition costs. Those costs are amortised over the period that they will be recoverable. The deferral and amortisation of acquisition costs are recognised in the statements of financial performance within 'increase/decrease in net policy liabilities'.

The acquisition costs deferred are determined as the lower of actual costs incurred and the allowance for the recovery of those costs from the premiums or policy charges (as appropriate for each policy class). The amount deferred is subject to an overall limit such that the value of future profits at inception cannot be negative. Acquisition losses are recognised at inception to the extent this situation arises.

Other Acquisition Costs

Where acquisition costs are recouped through on-going management fees charged to the investors on products that are recorded in the Shareholder Fund, they are deferred and recognised in the statements of financial position.

The deferred acquisition costs are measured at the lower of cost and recoverable amount and are amortised over the expected life of the policy. The amortisation is recognised in the statements of financial performance within 'operating expenses'.

(F) Basis of expense apportionment

Expenses have been apportioned in accordance with Division 2 of Part 6 of the Life Act as follows:

i. All expenses, excluding investment management fees which are directly identifiable, have been apportioned between policy acquisition and policy maintenance on the basis of the objective when incurring each expense, and the outcome achieved.

ii. Where allocation is not feasible between the disclosure categories, expenses have been allocated as maintenance expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) Basis of expense apportionment (Continued)

iii. Expenses which are directly attributable to an individual policy or product are allocated directly to the statutory fund that the class of business to which that policy or product belongs.

iv. All indirect expenses charged to the statements of financial performance are equitably apportioned to each class of business.

v. The expense apportionment basis is in line with the principles set out in the Life Insurance Actuarial Standards Board Valuation Standard (Actuarial Standard AS1.03: Valuation Standard).

Apportionment of expenses between the different classes of business required under Division 2 of Part 6 of the Life Act has been made as follows:

Direct allocation

A significant amount of expenses are directly attributable to specific products and are allocated directly to the statutory fund within which that class of business is conducted. These expenses include commission, medical fees and claim investigation.

Salary ratios

Ratios based on salary surveys are used to allocate certain costs. These include management expenses of support departments.

Statistical ratios

Inforce policy statistics and other product statistics, such as claim numbers are used to allocate costs that cannot be attributed directly to products or activities performed by staff.

New business sales and commission

New business sales numbers and commission payable are used to allocate distribution and sales related costs.

(G) Foreign currency translation

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated into Australian currency at rates of exchange current at that date. The resulting gains and losses on translation of investments denominated in foreign currencies are recorded as a component of changes in the net market value of investments (refer Note 1(I)).

Hedge transactions are initially recorded at the spot rates ruling at the dates of the transactions. Hedges outstanding at balance date are translated at the rates of exchange current on that date and any exchange differences are brought to account in the statements of financial performance as a component of changes in net market value of investments. Where a hedge transaction is terminated early, the resulting gains and losses are recorded as a component of realised changes in the net market value of investments.

(H) Income tax

The consolidated entity adopts the liability method of tax effect accounting. For life insurance business, income tax expense is determined after segregating the operations into classes of business which are taxed at different rates and on different bases according to the rules relating to each class.

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Tax Consolidations

The Company and its wholly owned controlled entities are wholly owned controlled entities in a tax-consolidated group, with Suncorp-Metway Ltd as the head entity. The implementation date for the tax-consolidated group was 1 July 2002.

The head entity recognises all of the current and deferred tax balances and liabilities of the tax-consolidated group (after elimination of intragroup transactions).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(H) Income tax (Continued)

The Company and its wholly owned controlled entities have entered into tax sharing agreements that require them to make contributions to the head entity for tax liabilities arising from external transactions occurring after the implementation of tax consolidations. The Company's statutory funds' contribution will be calculated as a recharge of their "notional" tax expense for the period and are payable in accordance with the tax sharing agreement. The Company's shareholders funds' contributions are calculated based on the stand alone current year tax liability of the Company and are payable quarterly.

The assets and liabilities arising under the tax sharing agreements are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expenses/revenue.

(I) Assets

All assets are measured at net market values as at the reporting date and changes in their net market values are recognised in the statements of financial performance as revenues or expenses in the financial year in which the changes occur.

Net market values for listed investments and government securities are determined by reference to market quotations. Unlisted investments are determined by reference to independent valuations based on the latest available information on the investments. These principles also apply to investments through unitised vehicles.

Shares in controlled entities have been valued by directors at their net market value. Net market value has been determined based on embedded value.

(J) Excess of net market value

The excess of net market value is calculated as the excess of the net market values of interests in controlled entities over their recognised net asset amounts.

All investment assets including controlled entities are stated at net market value. On consolidation the investment in controlled entities is eliminated and the excess of market value of controlled entities over their underlying net assets is separately recognised in the statements of financial position. This amount is assessed periodically as part of the valuation of investments. Changes in net market value of controlled entities are recorded as investment revenue in the statements of financial performance.

(K) Receivables

Loans and other receivables are carried at net market value and settled regularly. Net market value is the present value of amounts due, subject to specific provision for any doubtful amounts. Receivables include outstanding settlements on investment sales and prepayment of policy premium.

(L) Liabilities

Policy Liabilities

Policy liabilities in the statements of financial position and change in policy liabilities disclosed in the statements of financial performance, have been calculated using Margin on Services ("MoS") methodology in line with guidance provided by Actuarial Standard 1.03 "Valuation Standard" issued by the Life Insurance Actuarial Standards Board.

Policy liabilities are measured at net present values of estimated future cash flows (the projection method) or, where the result would not be materially different, as the accumulated benefits available to policy owners (the accumulation method).

Other liabilities

Other liabilities are measured at net present values and changes in their net present values are recognised in the statements of financial performance as revenues or expenses in the financial year in which the changes occur.

(M) Unvested policy owner benefits

Unvested policy owner benefits are policy owner retained profits as defined in the Life Act. These are amounts that have been allocated to participating policy owners generally, but have not been included in policy liabilities as at the reporting date. These amounts are shown as a separate liability due to policy owners.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) Creditors

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(O) Deposits and borrowings

Borrowings comprise loans, deposits and advances owing to the parent entity, controlled entities, controlled entities of the parent entity and between funds. Transactions between the entities are on a normal commercial basis.

(P) Derivative financial instruments

Derivative financial instruments used by the consolidated entity are swaps, forwards, futures and options in the foreign exchange, interest rate and equity markets. Derivative financial instruments that are used to hedge underlying exposures are accounted for in a manner consistent with the accounting treatment of the underlying exposures. Accordingly, derivative financial instruments are marked to market and the resulting gains and losses are reported in the statements of financial performance.

Foreign exchange derivatives are entered into in order to hedge exchange rate risks arising from offshore liabilities. Interest rate derivatives are used to hedge interest rate risks inherent in the business. Equity options and futures are purchased to hedge exposures arising from equity investments.

(Q) 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 financial year, but not distributed at balance date.

(R) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised in the cost of acquisition of the asset or in the amount of the expense.

Receivables, payables and provision for outstanding claims are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statements of financial position.

Cash flows are recognised in the statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(S) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(T) Comparative amounts

Comparative amounts have been reclassified to accord with the changes in presentation made in 2005, except where otherwise stated.

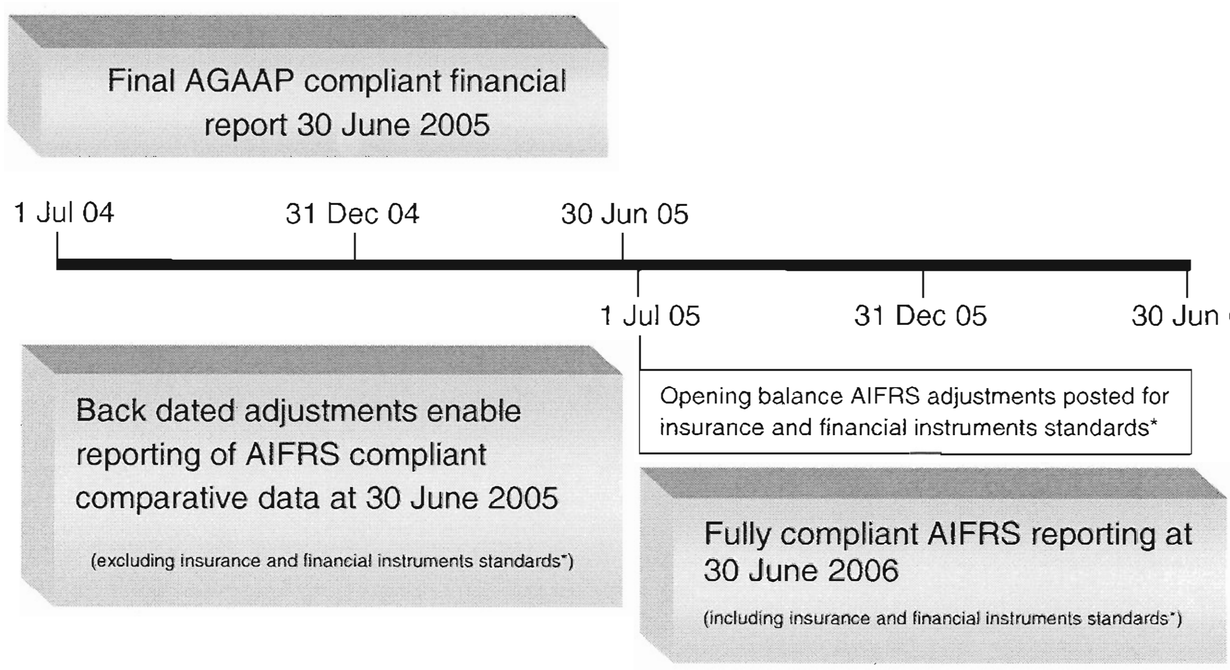
(U) Cash flow

For purposes of the statements of cash flows, cash includes deposits at call and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australian reporting entities are required to comply with Australian Equivalents to International Financial Reporting Standards and their related pronouncements ("AIFRS") for reporting periods beginning on or after 1 January 2005.

The consolidated entity will report for the first time in accordance with AIFRS when the results and financial report for the year ending 30 June 2006 are released. Entities complying with AIFRS for the first time must restate their comparative financial information using AIFRS, with some exceptions as described in Part B of this note. This means that the consolidated entity's opening AIFRS statements of financial position will be restated at 1 July 2004, with most AIFRS transition adjustments made against opening retained earnings on 1 July 2004. The AIFRS transition date and comparative information reporting requirements are diagrammatically shown below.



* Election has been made not to provide comparative results for AASB 4, 132, 139 & 1038

The Company's ultimate parent entity has established a formal project, governed by a Steering Committee chaired by the Chief Financial Officer, to monitor and plan for the transition to AIFRS reporting for the Suncorp Group. The AIFRS project comprises three phases of work, being technical investigation (completed), detailed planning and design (completed) and implementation (in progress). The implementation phase is implementing the identified changes to business and financial reporting processes and conducting training for staff. The consolidated entity is expected to be in a position to fully comply with the requirements of AIFRS for the financial year ending 30 June 2006.

The impact of transition from existing Australian accounting standards ("AGAAP") to AIFRS is based on AIFRS standards that management expect to be in place, or where applicable, early adopted, when preparing the first complete AIFRS financial report (being the year ending 30 June 2006). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the consolidated entity's financial position, results of operation and cash flows in accordance with AIFRS. Accordingly, further disclosure and explanations included in the first complete AIFRS financial report will be required for a true and fair view to be presented under AIFRS. This note only provides the disclosure required under AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards.*

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

There is a significant amount of judgement involved in assessing the effect of adopting AIFRS on the financial statements for financial reporting periods ending after 30 June 2005. For example, revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- Changes in financial reporting requirements that are relevant to the consolidated entity's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report; or
- Additional guidance on the application of AIFRS in a particular industry or to a particular transaction; or
- Changes to the consolidated entity's operations.

Consequently, the reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the information provided in this note. Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations.

The rules for the first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards.* In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date. This standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS, and any exemption utilised by the consolidated entity is disclosed in this note.

The consolidated entity's transition date is 1 July 2004. This means that, for adopted AIFRS accounting standards, adjusting entries will be made to the AGAAP 30 June 2005 financial statements to arrive at AIFRS compliant comparative financial information for reporting periods commencing on 1 July 2005. These "comparative adjustments" are summarised below in *Part A: Comparative Adjustments*. The consolidated entity has elected to adopt the exemption available under AASB 1 from the requirement to provide comparative financial information for certain standards. Although the impact of adopting these standards cannot be quantified until after 1 July 2005, commentary on the key differences is included in *Part B: AIFRS impacts from 1 July 2005* of this note.

There is a potential that the changes may impact the solvency requirements set by prudential regulators. On 24 February 2005, APRA issued its first discussion paper on its proposed prudential approach to fair value and other issues, but is yet to finalise its policies particularly as they relate to a life insurer. As a result, we are currently unable to determine the impact on the Company's regulatory position.

Part A: Comparative Adjustments

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 in respect of the financial year ended 30 June 2005 are set out below. The restatement of 30 June 2005 comparatives required under AASB 1 will be made for the first time in the AIFRS compliant financial report for the year ending 30 June 2006. Accordingly, these adjustments do not impact the 30 June 2005 results reported in accordance with AGAAP.

(a)	Excess of net market value of interests in life insurance subsidiaries over their recognised net amounts ("EMVONA")	Under AGAAP, AASB 1038 *Life Insurance Business* allows a Life Insurer to recognise the excess of net market value of an interest in a subsidiary over the net assets of the subsidiary, as an asset in its consolidated statements of financial position and movements in the asset in the statements of financial performance. Under AIFRS, revised AASB 1038 *Life Insurance Contracts* in conjunction with AASB 138 *Intangible Assets* does not allow the asset to be recognised in the statements of financial position or the movement in the asset to be recognised in the statements of financial performance.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(a) Excess of net market value of interests in life insurance subsidiaries over their recognised net amounts ("EMVONA") (Contd.)

On transition to AIFRS, the EMVONA asset will be written back resulting in a decrease to assets and retained earnings for the consolidated entity of $15.1m at 1 July 2004. The adjustments in respect of the Company are a decrease to assets and retained earnings of $15.1m. For the year ended 30 June 2005, the additional AGAAP EMVONA of $2.9m recognised in the statements of financial performance will be written back resulting in a decrease in assets of $18.0m and decrease in retained earnings of $18.0m for AIFRS comparative disclosure purposes. The adjustments in respect of the Company are a decrease to assets and retained earnings of $18.0m.

(b) Consolidation of investment in subsidiaries

Under AGAAP, AASB 1038 *Life Insurance Business* requires a Life Insurer to recognise assets at net market value. Any changes in net market values are recognised in the statements of financial performance. The revised AASB 1038 *Life Insurance Contracts* in conjunction with AASB 127 *Consolidation and Separate Financial Statements* allows investments in subsidiaries to be accounted for at cost.

On transition to AIFRS at 1 July 2004, the assets of the Company will be reduced by $3.8m, and retained earnings will reduce by a corresponding amount. For the year ended 30 June 2005, the additional recognised AGAAP movement in net market value of $1.7m will be written back resulting in a decrease in assets and profit of $5.5m for AIFRS comparative disclosure purposes.

There is no impact on the consolidated entity.

(c) Income Tax

Under AIFRS, AASB 112 *Income Taxes* uses a "balance sheet approach" of calculating income tax balances rather than the "income statement approach" applied under AGAAP. The balance sheet approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base.

Impact from adopting AASB 112

The tax adjustments for the consolidated entity on transition to AIFRS on 1 July 2004 comprise an increase to deferred tax liabilities of $0.8m and an increase in gross policy liabilities of $0.1m. As well as a decrease in unvested policyholder benefits of $0.7m and a decrease in retained earnings of $0.2m. This is due to the prohibition on discounting certain life insurance tax assets and liabilities.

At 30 June 2005, the tax adjustments for the consolidated entity comprise an increase to deferred tax liabilities of $0.7m and an increase in tax expense of $0.7m to remove the impacts of discounting certain life insurance tax assets and liabilities.

The results of the Company will be impacted by the same adjustments respectively.

Impact from adopting other AIFRS standards

The impact on the consolidated entity at 1 July 2004, of the change in basis and the transition adjustments required by the application of AIFRS standards other than AASB 112 on the deferred tax balances and the previously reported tax expense is a decrease in deferred tax liabilities of $4.7m and an increase in retained earnings of $4.7m. The adjustments in respect of the Company are for the same amounts respectively.

The impact of the change in basis on the tax expense for the financial year ended 30 June 2005 is a decrease in tax expense of $5.8m for the consolidated entity. Deferred tax liabilities are expected to decrease by $5.8m as at 30 June 2005. The adjustments for the Company are expected to be for the same amounts respectively.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(c) Income tax (contd.)

The Urgent Issues Group has released guidance regarding the recognition of tax amounts under the tax consolidation regime in the AIFRS framework. UIG 1052 *Tax Consolidations Accounting* requires the consolidated entity to recognise its own tax balances directly, with the current tax liability or asset to be assumed by the head entity via an intercompany loan, equity contribution or distribution, depending on the tax funding arrangements. Historically, the ultimate parent entity recognised all tax balances and charged the consolidated entity according to the tax funding agreement. The statutory funds were recharged their "notional" tax expense for the period. The shareholder's fund was charged an allocation of the current tax liability, based upon its contribution to Suncorp Group profit. These charges were recognised as an income tax expense in the consolidated entity and an income tax expense recovery in the ultimate parent entity.

In transitioning to AIFRS, the consolidated entity must retrospectively apply UIG 1052 as if it was in place from the time of the consolidated entity's entry into tax consolidation. Accordingly, at 1 July 2004 the consolidated entity is required to restate tax balances in the statements of financial position, and any difference between the current tax liability (if calculated ignoring tax consolidation) and what was previously recharged is accounted for in equity.

The impact of UIG 1052 on the consolidated entity at 1 July 2004 is:

- A deferred tax asset of $0.7m and a deferred tax liability of $41.0m will be recognised;
- Retained earnings will decrease by $1.3m due to the difference between the prior year tax expense (calculated ignoring tax consolidation) and the previous tax expense recharged by the ultimate parent entity; and
- There is no additional impact on contributed equity as the tax recharge under AGAAP equals the consolidated entity's current tax liability.

The impact of UIG 1052 on the consolidated entity at 30 June 2005 is:

- A reduction to the deferred tax asset of $1.4m and a deferred tax liability of $57.0m will be recognised;
- Retained earnings will decrease by $3.8m due to the difference between tax expense (calculated ignoring tax consolidation) and the tax expense recharged by the ultimate parent entity; and
- There is no additional impact on contributed equity as the tax recharge under AGAAP equals the consolidated entity's current tax liability.

The statements of financial performance and statements of financial position of the Company will be impacted by the same adjustments respectively.

The Suncorp Group is reviewing its tax sharing and tax funding arrangements, to take into account the UIG 1052 guidance.

(d) Revenue recognition, deferral of fee income and acquisition expenses

Under AIFRS, AASB 118 *Revenue* requires certain fee income and associated incremental acquisition expenses of investment products that were previously recognised upon receipt in the statements of financial performance to be deferred and recognised in the statements of financial position, and amortised to the statements of financial performance over the period of the service or contract term. For comparative disclosure purposes these changes only impact the Shareholder Fund of the Company.

On transition to AIFRS at 1 July 2004, the consolidated entity's assets increase by $3.1m, liabilities increase by $0.1m, and retained earnings increase by $3.0m.

At 30 June 2005, further adjustments result in the consolidated entity's assets increasing by an additional $0.9m, liabilities decreasing by $0.1m, with an increase in profit of $1.0m for AIFRS comparative disclosure purposes.

The Company will be impacted by the same adjustments for AIFRS comparative disclosure purposes.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Summary of transitional adjustments

The impact of the transition to AIFRS at 1 July 2004 on equity is summarised below:

	Note	Company $m	Consolidated $m
Total Equity under AGAAP		**249.9**	**592.3**
Adjustments to retained earnings:			
Removal of EMVONA	(a)	(15.1)	(15.1)
Investment in subsidiaries	(b)	(3.8)	0.0
Income tax – impact of AASB 112	(c)	(0.2)	(0.2)
Income tax – other AIFRS standards	(c)	4.7	4.7
Income tax – impact of UIG 1052	(c)	(1.3)	(1.3)
Deferral of incremental acquisition expenses	(d)	3.1	3.1
Deferral of fee income	(d)	(0.1)	(0.1)
Total Comparative Equity under AIFRS		**237.2**	**583.4**

The impact of the transition to AIFRS at 30 June 2005 on equity is summarised below:

	Note	Company $m	Consolidated $m
Total Equity under AGAAP		**280.0**	**1,000.7**
Adjustments to retained earnings:			
Removal of EMVONA	(a)	(18.0)	(18.0)
Investment in subsidiaries	(b)	(5.5)	0.0
Income tax – impact of AASB 112	(c)	(0.7)	(0.7)
Income tax – other AIFRS standards	(c)	5.8	5.8
Income tax – impact of UIG 1052	(c)	(3.8)	(3.8)
Deferral of incremental acquisition expenses	(d)	4.1	4.1
Deferral of fee income	(d)	0.0	0.0
Total Comparative Equity under AIFRS		**261.9**	**988.1**

The reconciliation of net profit for the year ended 30 June 2005 under AGAAP to the under AIFRS is summarised below:

	Note	Company $m	Consolidated $m
Net profit as reported under AGAAP		**62.1**	**62.1**
Adjustments to retained earnings:			
Removal of EMVONA	(a)	(2.9)	(2.9)
Investment in subsidiaries	(b)	(1.7)	0.0
Income tax – impact of AASB 112	(c)	(0.5)	(0.5)
Income tax – other AIFRS standards	(c)	1.1	1.1
Income tax – impact of UIG 1052	(c)	(2.5)	(2.5)
Deferral of incremental acquisition expenses	(d)	1.0	1.0
Deferral of fee income	(d)	0.1	0.1
Comparative net profit under AIFRS		**56.7**	**58.4**

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The reconciliation of the balance sheet at 1 July 2004 is summarised below:

	Note	Company $m	Consolidated $m
Total Assets under AGAAP		**3,489.0**	**3,964.3**
Removal of EMVONA	(a)	(15.1)	(15.1)
Investment in subsidiaries	(b)	(3.8)	0.0
Income tax – impact of AASB 112	(c)	0.0	0.0
Income tax – other AIFRS standards	(c)	0.0	0.0
Income tax – impact of UIG 1052	(c)	39.7	39.7
Deferral of incremental acquisition expenses	(d)	3.1	3.1
Comparative Total Assets under AIFRS		**3,512.9**	**3,992.0**
Total Liabilities under AGAAP		**3,239.1**	**3,372.0**
Income tax – impact of AASB 112	(c)	0.2	0.2
Income tax – other AIFRS standards	(c)	(4.7)	(4.7)
Income tax – impact of UIG 1052	(c)	41.0	41.0
Deferral of fee income	(d)	0.1	0.1
Comparative Total Liabilities under AIFRS		**3,275.7**	**3,408.6**
Net Assets		**237.2**	**583.4**
Total Equity under AGAAP		**249.9**	**592.3**
Adjustments to retained earnings		(12.7)	(8.9)
Total Comparative Equity under AIFRS		**237.2**	**583.4**

The reconciliation of the balance sheet at 30 June 2005 is summarised below:

	Note	Company $m	Consolidated $m
Total Assets under AGAAP		**4,006.4**	**4,807.1**
Removal of EMVONA	(a)	(18.0)	(18.0)
Investment in subsidiaries	(b)	(5.5)	0.0
Income tax – impact of AASB 112	(c)	0.0	0.0
Income tax – other AIFRS standards	(c)	0.0	0.0
Income tax – impact of UIG 1052	(c)	53.2	53.2
Deferral of incremental acquisition expenses	(d)	4.1	4.1
Comparative Total Assets under AIFRS		**4,040.2**	**4,846.4**
Total Liabilities under AGAAP		**3,726.4**	**3,806.4**
Income tax – impact of AASB 112	(c)	0.7	0.7
Income tax – other AIFRS standards	(c)	(5.8)	(5.8)
Income tax – impact of UIG 1052	(c)	57.0	57.0
Deferral of fee income	(d)	0.0	0.0
Comparative Total Liabilities under AIFRS		**3,778.3**	**3,858.3**
Net Assets		**261.9**	**988.1**
Total Equity under AGAAP		**280.0**	**1,000.7**
Adjustments to retained earnings		(18.1)	(12.6)
Total Comparative Equity under AIFRS		**261.9**	**988.1**

The transition to AIFRS will not alter the consolidated entity's net cash increase or decrease in the statements of cash flows at 30 June 2005, and it is unlikely to change the amounts reported in the categories of operating, investing or financing cash flows.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Part B: AIFRS impacts from 1 July 2005

As permitted by the election available under AASB 1, the consolidated entity will not restate comparative information in relation to the following standards:

- AASB 132 *Financial Instruments: Disclosure and Presentation*,
- AASB 139 *Financial Instruments: Recognition and Measurement*
- AASB 4 *Insurance Contracts*
- AASB 1038 *Life Insurance Contracts.*

Accordingly there will be no impact on the comparative statements of financial position and statements of financial performance for the year ending 30 June 2006. The changes required under these standards will take effect on 1 July 2005 and will be disclosed as changes in accounting policies in the financial statements for reporting periods ending after 1 July 2005. The first disclosure of these impacts will be in the financial report for the year ended 30 June 2006.

The potential impacts on the consolidated entity's financial performance and financial position of the adoption of these additional changes in accounting policy have not been completely quantified as at the effective date of 1 July 2005 due to the short timeframe between the finalisation of these accounting policies and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years. The adoption of these standards will change the consolidated entity's reported financial performance and financial position, without a change in the underlying economics of the business.

The significant differences arising from the adoption of the above AIFRS accounting standards from 1 July 2005 are summarised below. This summary should not be taken as an exhaustive list of all the differences between AGAAP and AIFRS to take effect on 1 July 2005.

(i) Life insurance business

Under AGAAP, AASB 1038 *Life Insurance Business* deals with the accounting for a life insurance business. Under AIFRS, revised AASB 1038 *Life Insurance Contracts* designates products into either life insurance contracts or life investment contracts. The consolidated entity has life insurance products that will be designated as insurance and investment contracts.

Products that meet the definition of a life insurance contract will continue to use the Margin on Services valuation for policy liabilities under revised AASB 1038. The valuation of policy liabilities for life insurance contracts is not expected to be materially different under AIFRS.

Products that meet the definition of a life investment contract have two components, a financial instrument element and a management services element. The financial instrument component will be recognised as a financial liability under AASB 139 and measured at fair value. The management service component will be recognised as revenue or expense under AASB 118, with certain fee income and incremental acquisition costs deferred and recognised as a liability and asset respectively in the statements of financial position. The AIFRS requirements will result in changes to the timing of profit recognition for these products.

The AIFRS rules in relation to the deferral of acquisition costs on investment business are more stringent than under AGAAP. As a result, some acquisition costs presently deferred under AGAAP will be written back to retained earnings on transition to AIFRS, and the subsequent recognition of profits on new business will be delayed compared to the present timing of profit recognition. The amount of any write-off of acquisition costs on adoption of AIFRS has yet to be determined.

There is a potential that the above changes may impact the solvency set by prudential regulators. On 24 February 2005, APRA issued its first discussion paper on its proposed prudential approach to fair value and other issues, but is yet to finalise its policies particularly as they relate to a life insurer. As a result, we are currently unable to determine the impact on the Company's regulatory capital position.

3. SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS

Policy Liabilities

Policy liabilities are amounts which, when taken together with future premiums and investment earnings, are required to meet the payment of future benefits and expenses and incorporate profit margins on existing business to be released when earned in future periods.

The effective date of the actuarial report on policy liabilities and solvency reserves is 30 June 2005. The actuarial report was prepared by Mr Rowan Ward, Appointed Actuary B Sc. FIAA, and indicates that the Appointed Actuary is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

The amount of policy liabilities has been determined in accordance with methods and assumptions disclosed in this financial report and with the standards of the Life Insurance Actuarial Standards Board (LIASB).

Policy liabilities have been calculated using the Margin on Services (MoS) method in accordance with Actuarial Standard 1.03 "Valuation Standard" issued by the LIASB under Section 114 of the Life Act. The Actuarial Standard requires the policy liabilities to be calculated in a way which allows for the systematic release of planned margins as services are provided to policy owners and premiums are received.

The methods and profit carriers for the major policy types are as follows:

Business Type	Method	Profit Carrier
Individual		
Conventional	Projection	Bonuses
Investment account	Projection	Interest credits
Investment linked	Projection	Assets under management
Allocated pension	Projection	Assets under management
Lump sum risk	Projection	Expected claim payments
Income stream risk	Projection	Expected claim payments
Annuity	Projection	Annuity payments
Group		
Investment account	Projection	Interest credits
Investment linked	Accumulation	-
Lump sum risk	Accumulation	-
Income stream risk	Accumulation	-

Under the projection method, estimates of policy cash flows (premiums, benefits, expenses and profit margins to be released in future periods) are projected into the future. The projected profit margins are expressed as a percentage of the relevant profit carrier. The policy liability is calculated as the net present value of these projected cash flows.

Under the accumulation method for investment business, the policy liability is the accumulation of amounts invested by policy owners together with investment earnings, less fees and tax. For risk business the accumulation method policy liability is basically equal to the sum of reserves for incurred but not reported claims and open disability income claims. The accumulation may be adjusted to the extent that acquisition expenses are to be recovered from future margins between fees and expenses.

The following table sets out key assumptions used in the calculation of policy liabilities:

3. SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Policy Liabilities (Continued)

Assumption	Basis of Assumption	Significant Changes
Investment earnings	Assumed earning rates are determined having regard to the asset mix of the investment portfolio backing the product, the assumed earning rates for each sector, market conditions at the valuation date and tax on investment earnings appropriate to the class of business and asset sector. Pre-tax rates varied from 4.10% (2004: 4.95%) for the cash sub-funds to 7.90% (2004: 8.5%) for the balanced sub-funds and 9.10% (2004: 9.95%) for the equity sub-funds.	No changes in approach.
Maintenance expenses	Per policy expense rates are based upon expected maintenance expenses in the period following the reporting date. Expense rates vary by product line and class of business. Tax deductibility of expenses is allowed for, at rates appropriate to the taxation basis of the business.	None
Inflation	The inflation assumption is reviewed at each valuation. For this valuation 2.5%pa (2004: 2.5%pa) was assumed.	No changes in approach.
Voluntary discontinuance	Rates are based upon recent internal investigations and industry experience. Rates vary by product, class of business, policy value and duration in force. Allowance is also made for cash withdrawals. Future long term rates of discontinuance assumed vary between 2% and 30% (2004: between 3% and 30%).	Assumed long term discontinuance rates for ordinary Whole of Life, Endowment and older investment account policies reduced to reflect improvements in experience.
Surrender values	Surrender values are determined by applying the surrender bases current at the reporting date.	None
Rates of taxation	The rates of taxation assumed are based on those applicable to the type of product.	None
Mortality - risk products	Mortality rates for risk products have been determined using the standard mortality table (IA95-97) with adjustments to allow for Suncorp Life & Superannuation Limited experience. Adjustments range from 76% (2004: 76%) to 160% (2004: 160%). Table IA95-97 was developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1995 to 1997.	None
Mortality – Annuitants	Mortality rates for annuitants have been determined using the standard table IM/IF80 with adjustments for expected mortality improvement. Tables IM/IF80 were developed by the Institute of Actuaries and Faculty of Actuaries based on UK annuitant lives experience from 1979 to 1982.	None
Disability - lump sum	Disability rates on lump sum policies have been based on industry experience with adjustments to reflect Suncorp Life & Superannuation Limited's experience.	None

3. SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS (Continued)

Policy Liabilities (Continued)

Assumption	Basis of Assumption	Significant Changes
Disability – income	Disability rates on income policies have been determined using the IAD89-93 table with adjustments to reflect Suncorp Life & Superannuation Limited's experience. IAD89-93 was developed by the Institute of Actuaries of Australia based on Australian industry experience from 1989 to 1993.	Adjustments updated to reflect recent experience, with a decrease in assumed incidence rates, increase in assumed recovery rates at early claims duration and decreased recovery rates for longer term claims. Net effect was an overall increase in expected claims cost.
Future supportable bonuses and interest credits to participating policies	Future bonus rates and interest credits assumed are those supported by the policy liabilities and the assumed future experience, including allowance for the shareholder's right to participate in distributions. Using these rates the net present value of expected future cashflows equals the value of assets supporting the business. For traditional policies supportable bonus rates are set as a proportion of the latest declared rates, 62% (2004: 86%) for ordinary policies, 69% (2004: 89%) for superannuation policies. For investment account policies supportable rates vary between 3.5% (2004: 3.8%) and 10.0% (2004: 9.9%) after tax and fees. For participating whole of life and endowment business, the Company's policy is to set bonus rates such that, over long periods, the returns to policy owners (as a group, but not necessarily individually) are commensurate with the investment returns achieved on relevant assets, together with other sources of profit arising from this business. For participating investment account business crediting rates are set such that over long periods policy owners (as a group, but not necessarily individually) receive full investment earnings on their accounts less a deduction of explicit fees and charges. Distributions are split between policy owners and shareholder with the valuation allowing for the shareholder to share in distributions at the maximum allowable rate of 20%. In determining policyowner distributions consideration is given to equity between generations of policy owners and equity between the various classes and sizes of policies in force.	No changes in approach
Unit price growth	Unit prices are assumed to grow at a rate consistent with assumed investment earnings, tax rates and policy fees.	None

Other Requirements

The Life Act requires companies to meet prudential standards of solvency and capital adequacy. The solvency requirements are determined in accordance with the Actuarial Standard 2.03 "Solvency Standard" issued by the LIASB under the Life Act. For the purposes of note 34, minimum termination values have been determined in accordance with Actuarial Standards 4.02 "Minimum Surrender Values and Paid Up Values" and 2.03. Capital adequacy is determined in accordance with Actuarial Standard 3.03.

4. REVENUE FROM OPERATING ACTIVITIES

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Revenue from operating activities				
Premium revenue (note 5)	113.4	104.1	113.4	104.1
Investment revenue including realised and unrealised gains and losses:				
Equity:				
other persons	295.1	269.2	342.2	301.4
Debt:				
other persons	111.7	54.8	126.0	62.8
Property	104.2	80.7	119.5	87.1
Other net investment revenue including realised and unrealised gains and losses	9.9	(8.0)	(0.7)	(7.9)
Total investment revenue (note 6)	520.9	396.7	587.0	443.4
Fees	23.3	20.5	20.9	15.7
Commissions	0.1	0.2	2.9	4.6
Non life insurance operating income	-	-	21.7	6.5
Other income	-	-	0.2	0.2
Total other revenue	23.4	20.7	45.7	27.0
Reinsurance recoveries	21.9	16.6	21.9	16.6
Total revenue	679.6	538.1	768.0	591.1

5. PREMIUM REVENUE

	Statutory Funds 2005 $m	Statutory Funds 2004 $m	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Direct insurance premiums:						
single	195.3	179.6	195.3	179.6	195.3	179.6
regular	333.9	269.0	333.9	269.0	333.9	269.0
	529.2	448.6	529.2	448.6	529.2	448.6
Direct consideration for deferred annuities - rollover amounts	0.5	0.7	0.5	0.7	0.5	0.7
Policy conversions	92.7	101.6	92.7	101.6	92.7	101.6
Total insurance premium received or receivable	622.4	550.9	622.4	550.9	622.4	550.9
Insurance premiums recognised as a change in gross policy liabilities (Note 36 (A))	(509.0)	(446.8)	(509.0)	(446.8)	(509.0)	(446.8)
Total insurance premium revenue	113.4	104.1	113.4	104.1	113.4	104.1

5. PREMIUM REVENUE (Continued)

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005 $m	2004 $m	2005 $m	2004 $m	2005 $m	2004 $m
Direct insurance premiums:						
single	71.1	67.2	124.2	112.4	195.3	179.6
regular	220.1	179.0	113.8	90.0	333.9	269.0
	291.2	246.2	238.0	202.4	529.2	448.6
Direct consideration for deferred annuities - rollover amounts	0.2	0.3	0.3	0.4	0.5	0.7
Policy conversions	40.2	26.4	52.5	75.2	92.7	101.6
Total insurance premium received or receivable	331.6	272.9	290.8	278.0	622.4	550.9
Insurance premiums recognised as a change in gross policy liabilities (Note 36 (A))	(219.8)	(170.0)	(289.2)	(276.8)	(509.0)	(446.8)
Total insurance premium revenue	111.8	102.9	1.6	1.2	113.4	104.1

6. INVESTMENT REVENUE

	Shareholder Fund		Company		Consolidated	
	2005 $m	2004 $m	2005 $m	2004 $m	2005 $m	2004 $m
Investment revenue including realised and unrealised gains and (losses):						
equity securities	9.8	8.2	295.1	269.2	342.2	301.4
debt securities	0.1	0.2	111.7	54.8	126.0	62.8
property	0.2	0.2	104.2	80.7	119.5	87.1
other	-	-	9.9	(8.0)	(0.7)	(7.9)
	10.1	8.6	520.9	396.7	587.0	443.4
Net realised and unrealised changes in net market value of investments included in investment revenue	7.3	4.8	177.0	233.2	368.1	271.4

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005 $m	2004 $m	2005 $m	2004 $m	2005 $m	2004 $m
Investment revenue including realised and unrealised gains and (losses):						
equity securities	166.7	156.9	118.6	104.1	285.3	261.0
debt securities	79.8	39.6	31.8	15.0	111.6	54.6
property	87.9	68.3	16.1	12.2	104.0	80.5
other	7.4	(4.6)	2.5	(3.4)	9.9	(8.0)
	341.8	260.2	169.0	127.9	510.8	388.1
Net realised and unrealised changes in net market value of investments included in investment revenue	119.1	147.1	50.6	81.3	169.7	228.4

Investment income from equity securities held in controlled entities is $4.6m (2004: $1.3m)

7. CLAIMS EXPENSE

	Statutory Funds		Company		Consolidated	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Death and disability claims	65.5	64.2	65.5	64.2	65.5	64.2
Maturities	91.3	63.1	91.3	63.1	91.3	63.1
Annuities	28.6	26.2	28.6	26.2	28.6	26.2
Surrenders and terminations	262.3	350.1	262.3	350.1	262.3	350.1
Policy conversions	92.7	101.6	92.7	101.6	92.7	101.6
	540.4	605.2	540.4	605.2	540.4	605.2
Claims expense recognised as a change in gross policy liabilities (Note 36 (A))	(467.2)	(534.6)	(467.2)	(534.6)	(467.2)	(534.6)
	73.2	70.6	73.2	70.6	73.2	70.6
Interim & terminal bonuses paid, included in total claims paid or payable	3.7	3.5	3.7	3.5	3.7	3.5

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Death and disability claims	61.9	61.6	3.6	2.6	65.5	64.2
Maturities	64.4	47.0	26.9	16.1	91.3	63.1
Annuities	15.3	17.2	13.3	9.0	28.6	26.2
Surrenders and terminations	179.7	245.6	82.6	104.5	262.3	350.1
Policy conversions	40.6	40.0	52.1	61.6	92.7	101.6
	361.9	411.4	178.5	193.8	540.4	605.2
Claims expense recognised as a change in gross policy liabilities (Note 36 (A))	(288.7)	(340.8)	(178.5)	(193.8)	(467.2)	(534.6)
	73.2	70.6	-	-	73.2	70.6
Interim & terminal bonuses paid, included in total claims paid or payable	3.7	3.5	-	-	3.7	3.5

8. OPERATING EXPENSES

	Shareholder Fund		Company		Consolidated	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Policy acquisition expenses:						
commission	-	-	8.9	7.7	7.8	7.7
other	-	-	29.6	29.7	29.6	29.7
Policy maintenance expenses:			-			
commission	-	-	4.4	3.6	4.4	3.6
other	17.8	15.6	46.8	41.7	38.5	32.6
Movement in non-life deferred acquisition costs	(3.1)	(0.1)	(3.1)	(0.1)	(3.1)	(0.1)
Investment management expenses	-	-	11.5	8.7	11.5	8.7
Total administration expenses - life insurance activities	14.7	15.5	98.1	91.3	88.7	82.2
Administration expenses - non-life insurance activities	-	-	-	-	17.2	17.7
	14.7	15.5	98.1	91.3	105.9	99.9

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
8. OPERATING EXPENSES (Continued)						
Policy acquisition expenses:						
commission	7.2	6.3	1.7	1.4	8.9	7.7
other	21.4	22.6	8.2	7.1	29.6	29.7
Policy maintenance expenses:						
commission	3.7	3.1	0.7	0.5	4.4	3.6
other	22.3	19.9	6.7	6.2	29.0	26.1
Investment management expenses	7.1	6.0	4.4	2.7	11.5	8.7
	61.7	57.9	21.7	17.9	83.4	75.8

	Company		Consolidated	
	2005	2004	2005	2004
	$m	$m	$m	$m
9. OPERATING RESULTS				
(a) Profit from operating activities before income tax expense has been arrived at after crediting the following significant item:				
Excess of net market value of interests in controlled entities over their recognised net amounts	-	-	2.9	2.7
	-	-	2.9	2.7
(b) Profit from operating activities before income tax expense has been arrived at after charging the following items:				
Employee expenses	4.2	3.4	4.2	3.4
Total employee expenses	4.2	3.4	4.2	3.4
Occupancy costs				
Operating lease rentals	4.0	3.9	4.0	3.9
Other	0.8	1.0	0.8	1.0
Total occupancy costs	4.8	4.9	4.8	4.9
Other expenses				
Communications	3.5	3.6	3.5	3.6
Technology	2.1	1.1	2.1	1.1
Financial	6.1	4.8	6.1	4.9
Marketing	4.7	4.6	4.7	4.6
Client service charges	1.4	1.3	1.4	1.3
Intra group expenses	59.4	55.4	57.4	54.4
Other	0.9	0.8	0.9	0.8
Total other	78.1	71.6	76.1	70.7

All employees of Suncorp Life & Superannuation Ltd and its controlled entities are employed by an entity not within the consolidated entity and their associated costs are recharged to the Company through intra group expenses.

10. SEGMENT INFORMATION

	Consolidated 2005 $m	Consolidated 2004 $m
Total revenue (note 4)		
Life insurance activities	679.6	538.1
Non-life insurance activities	18.5	18.7
Consolidation entry relating to elimination of controlled entities	69.9	34.3
	768.0	591.1
Operating profit before income tax		
Life insurance activities	124.6	98.0
Non-life insurance activities	2.4	0.9
Consolidation entry relating to elimination of controlled entities	78.2	43.5
	205.2	142.4
Assets		
Life insurance activities	4,006.4	3,489.0
Non-life insurance activities	881.3	555.0
Consolidation entry relating to elimination of controlled entities	(80.6)	(79.7)
	4,807.1	3,964.3

The Company operates predominantly within Queensland, New South Wales and Victoria. Non-life insurance activities include the provision of superannuation administration services and funds management products.

Detailed segment reporting for life insurance activities of the Statutory Funds, as required under Prudential Rules No 35, is set out in Note 38.

11. TAXATION

The income tax expense is partly determined on a product basis and partly determined on a profit basis. The income tax expense has been determined after aggregating various classes of business, each with different tax rates. The rates of taxation applicable to the taxable income of significant classes of business are as follows:

Class of business	2005 %	2004 %
Ordinary life insurance business	30	30
Complying superannuation	15	15
Controlled companies	30	30
Current pension business	Exempt	Exempt
Non-complying superannuation	47	47
Immediate annuity business	Exempt	Exempt
RSA business	15	15
Other business (including accident and disability)	30	30
Shareholder funds	30	30

Under the Government's changes to life insurance taxation which applied from 1 July 2000 (contained in the New Business Tax System (Miscellaneous) Act (No.2) 2000), life insurers are taxed on all the profit made from their different activities. That is:

- risk business is taxed on broadly the same basis as for general insurers;
- investment business is taxed on broadly the same basis as for other investment entities; and
- complying superannuation business held in a virtual pooled superannuation trust is taxed on broadly the same basis as for pooled superannuation trusts.

11. TAXATION (Continued)

Taxation basis
The principal elements for the calculation of the taxable income for each class of business are as follows:

Assessable income

The assessable income for each taxable class of business in Australia includes:

- Complying superannuation business - taxable contributions transferred from superannuation funds, specified rollover amounts and investment income.
- Non-complying superannuation business - investment income.
- Other business - accident and disability premiums earned and investment income.
- Shareholder (general) funds and ordinary life insurance business - investment income.
- Retirement Savings Account business – taxable contributions and investment income credited to policyholders.

The gains and losses on sale of investments to the extent referable to the complying superannuation business, are determined under the capital gains tax provisions of the *Income Tax Assessment Act* (ITAA). The exceptions are gains on fixed interest securities and foreign exchange gains or losses referable to the superannuation business which are taxed primarily under the ordinary income provisions.

The gains and losses on the sale of investments to the extent referable to other taxable classes of business, are taxed primarily under the ordinary income provisions with the capital gains tax provisions potentially applying depending on the circumstance.

Allowable deductions

The allowable deductions for each taxable class of business in Australia include:

- Acquisition costs (such as commissions) in relation to investment related life insurance business, superannuation business and "other business".
- Other expenses referable to the business (such as investment expenses).
- An allocation of the general management expenses of the Company.

These deductions are then allocated to each class of business in accordance with the basis specified in the ITAA (which may or may not reflect the allocation of the expense for accounting purposes).

Allowable deductions in respect of "other business" within the life funds also include accident and disability claims and the movement during the period in the policy liability in respect of that business (which may differ from the policy liability recognised for accounting purposes).

Basis of income tax apportionment
A notional income tax expense is calculated for each product as if the product was invested within a stand-alone statutory fund. The difference between this and the actual tax expense is apportioned to products having regard to their contribution to the difference.

11. TAXATION (Continued)

	Statutory Funds		Shareholder Fund		Company		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m	$m	$m
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:								
Profit from ordinary activities before income tax expense	113.3	88.6	11.3	9.5	124.6	98.0	205.2	142.4
Prima facie income tax calculated @ Nil% (2004: Nil%) on profit from ordinary activities before income tax	-	-	-	-	-	-	-	-
Tax effect of permanent differences								
Income tax expense under a tax sharing agreement	61.9	41.3	0.6	2.8	62.5	44.1	63.2	44.4
Under/(over) provision in prior year	-	0.1	-	-	-	0.1	-	0.1
Income tax expense (benefit)	61.9	41.4	0.6	2.8	62.5	44.2	63.2	44.5
Income tax expense attributable to profit from ordinary activities is made up of:								
Under (over) provision in prior year	-	0.1	-	-	-	0.1	-	0.1
Intercompany/interfund payable	61.9	41.3	0.6	2.8	62.5	44.1	63.2	44.4
	61.9	41.4	0.6	2.8	62.5	44.2	63.2	44.5
Provision for current income tax								
Movements during the year were as follows:								
Balance at the beginning of the financial year	-	5.2	-	(1.6)	-	3.6	-	3.8
Transfer to intercompany receivable (payable)	-	(5.2)	-	1.6	-	(3.6)	-	(3.8)
	-	-	-	-	-	-	-	-

12. RETAINED PROFITS

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Retained profits at the beginning of the financial year	210.9	157.1	210.9	157.1
Net profit attributable to members of the parent entity	62.1	53.8	62.1	53.8
Dividends paid	(32.0)	-	(32.0)	-
Retained profits at the end of the financial year	241.0	210.9	241.0	210.9

13. OUTSIDE EQUITY INTERESTS IN CONTROLLED ENTITIES

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Interest in profit from ordinary activities after income tax	-	-	79.9	44.1
Interest in retained profits at the end of the financial year	-	-	720.7	342.4

14. DIVIDENDS

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Ordinary shares:				
Final dividend 0.82 cents (2003: 0 cents) per fully paid share	8.2	-	8.2	-
Redeemable preference shares:				
Final dividend 0.82 cents (2003: 0 cents) per fully paid share	23.8	-	23.8	-
	32.0	-	32.0	-

Dividends not recognised at year end
In addition to the above dividends, since year end the directors have recommended the payment of a dividend of $40 million ($1.026 per fully paid ordinary share). The aggregate amount of the proposed dividend expected to be paid in September 2005 out of retained profits at 30 June 2005, but not recognised in the statements of financial position as a result of the accounting policy for providing for dividends (note 1(Q)) is $40 million.

Franking credits
The consolidated entity does not have any franking credits available to shareholders for subsequent financial years. On 1 July 2002, the consolidated entity adopted the Tax Consolidations legislation which requires a tax-consolidation group to keep a single franking account. Accordingly all franking credits are recognised in Suncorp-Metway as the head entity of the tax-consolidation group.

15. DISCLOSURES ON ASSET RESTRICTIONS, MANAGED ASSETS AND TRUSTEE ACTIVITIES

Restrictions on assets

Investments held in the Life Statutory Funds can only be used within the restrictions imposed under the Life Act and the Constitution of the Company. The main restrictions are that the assets in a fund can only be used to meet the liabilities and expenses of that fund, to acquire investments to further the business of the fund, or as distributions. Participating policy owners can receive a distribution when solvency requirements are met, whilst shareholders can only receive a distribution when the higher level of capital adequacy requirements are met.

Trustee activities

Suncorp Superannuation Pty Ltd, a controlled entity of the Company, acts as trustee in relation to various superannuation policies issued by the Company. Arrangements are in place to ensure that the activities of Suncorp Superannuation Pty Ltd are managed separately.

16. RECEIVABLES

	Shareholder Fund		Company		Consolidated	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Transfer from statutory funds (note 19) (i)	36.0	19.0	-	-	-	-
Loans, deposits and advances:						
parent entity	3.8	-	3.8	3.1	3.8	3.1
controlled entities of the parent entity	-	2.4	5.5	4.4	5.5	4.4
between funds (ii)	10.5	10.1	-	-	-	-
	50.3	31.5	9.3	7.5	9.3	7.5
Reinsurance recoveries receivable	-	-	9.2	7.1	9.2	7.1
Investment income accrued	1.6	0.9	178.4	59.2	67.0	32.6
Other debtors	1.1	0.9	2.1	1.4	2.3	1.6
	53.0	33.3	199.0	75.2	87.8	48.8

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Loans, deposits and advances:						
parent entity	-	1.7	-	1.4	-	3.1
controlled entities of the parent entity	5.5	2.0	-	-	5.5	2.0
between funds (ii)	-	-	-	-	-	-
	5.5	3.7	-	1.4	5.5	5.1
Reinsurance recoveries receivable	9.2	7.1	-	-	9.2	7.1
Investment income accrued	111.7	37.6	65.1	20.7	176.8	58.3
Other debtors	0.9	0.5	0.1	-	1.0	0.5
	127.3	48.9	65.2	22.1	192.5	71.0

(i) Transfers from statutory funds to the shareholder fund are eliminated within the Company.
(ii) Loans, deposits and advances between funds are eliminated within the Company.

17. INVESTMENT ASSETS

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Equity security investments				
Directly held	-	-	1,690.5	1,314.9
Unit trusts	1,865.2	1,585.9	600.2	497.4
Investments in controlled entities	23.6	19.0	-	-
Total equities	1,888.8	1,604.9	2,290.7	1,812.3
Debt security investments				
Interest bearing securities:				
private sector - unsecured	68.9	65.3	1,628.9	754.1
public sector	-	-	9.2	135.8
semi public sector	-	-	132.4	11.0
Loans and advances:				
other persons - on policies	4.9	4.5	4.9	4.5
other persons - secured	7.7	7.8	7.7	7.8
Unit trusts	1,468.1	1,194.2	234.3	625.4
Total debt	1,549.6	1,271.8	2,017.4	1,538.6
Property investments				
Unit trusts	290.6	489.4	290.6	489.4
Total property	290.6	489.4	290.6	489.4
Other investments	(0.8)	(0.7)	(2.0)	(0.7)
Total investment assets	3,728.2	3,365.4	4,596.7	3,839.6
Investments in controlled entities (excluding controlled unit trusts)	23.6	19.0	-	-

18. OTHER ASSETS

	Shareholder Fund 2005 $m	Shareholder Fund 2004 $m	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Accrued interest	-	-	0.2	0.3	18.5	8.8
Dividends Receivable	-	2.0	-	2.0	-	-
Other	3.3	0.1	3.4	0.2	5.7	1.0
	3.3	2.1	3.6	2.5	24.2	9.8

	Non-Investment Linked Business 2005 $m	Non-Investment Linked Business 2004 $m	Investment Linked Business 2005 $m	Investment Linked Business 2004 $m	Total Statutory Funds 2005 $m	Total Statutory Funds 2004 $m
Accrued interest	0.2	0.2	-	0.1	0.2	0.3
Other	0.1	0.1	-	-	0.1	0.1
	0.3	0.3	-	0.1	0.3	0.4

19. PAYABLES

	Shareholder Fund 2005 $m	Shareholder Fund 2004 $m	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Policy claims in process of settlement	-	-	21.0	17.1	21.0	17.1
Sundry creditors and accrued expenses	3.7	3.6	18.1	15.8	46.5	24.4
Other	-	-	9.5	5.6	61.8	130.5
	3.7	3.6	48.6	38.5	129.3	172.0

	Non-Investment Linked Business 2005 $m	Non-Investment Linked Business 2004 $m	Investment Linked Business 2005 $m	Investment Linked Business 2004 $m	Total Statutory Funds 2005 $m	Total Statutory Funds 2004 $m
Transfer to shareholder's fund (note 16)(i)	36.0	19.0	-	-	36.0	19.0
Policy claims in process of settlement	21.0	17.1	-	-	21.0	17.1
Sundry creditors and accrued expenses	14.4	12.1	-	0.1	14.4	12.2
Other	8.7	5.6	0.8	-	9.5	5.6
	80.1	53.8	0.8	0.1	80.9	53.9

(i) Transfers from statutory funds to the shareholder fund are eliminated within the Company.

20. DEPOSITS AND SHORT TERM BORROWINGS

	Shareholder Fund 2005 $m	Shareholder Fund 2004 $m	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Unsecured						
parent entity	14.8	19.6	105.4	43.7	105.5	43.7
controlled entities	1.1	0.6	1.1	0.6	0.3	-
	15.9	20.2	106.5	44.3	105.8	43.7

	Non-Investment Linked Business 2005 $m	Non-Investment Linked Business 2004 $m	Investment Linked Business 2005 $m	Investment Linked Business 2004 $m	Total Statutory Funds 2005 $m	Total Statutory Funds 2004 $m
Unsecured						
parent entity	78.6	24.1	12.0	-	90.6	24.1
controlled entities of the ultimate parent entity	-	-	-	0.1	-	0.1
between funds (i)	8.0	7.8	2.5	2.3	10.5	10.1
	86.6	31.9	14.5	2.4	101.1	34.3

(i) Deposits and short term borrowings between funds are eliminated within the Company.

21. CONTRIBUTED EQUITY

	Company 2005 $m	Company 2004 $m	Consolidated 2005 $m	Consolidated 2004 $m
Issued and paid up capital				
39,000,000 ordinary shares, each fully paid (2004: 10,000,000)	39.0	10.0	39.0	10.0
Nil redeemable preference shares, each fully paid (2004: 29,000,000)	-	29.0	-	29.0
	39.0	39.0	39.0	39.0

Ordinary Shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meeting.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

A further 29,000,000 ordinary shares were issued on 24 June 2005 with the same entitlements attributable to existing ordinary shareholders.

Redeemable Preference Shares

The redeemable preference shares were redeemed on 24 June 2005.

22. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	Company		Consolidated	
	2005	2004	2005	2004
	$m	$m	$m	$m
Profit from ordinary activities after income tax	62.1	53.8	142.0	97.9
Classified as investing activities				
Changes in net market value of investments realised and unrealised:				
equity securities	(76.6)	(191.7)	(262.6)	252.8
debt securities	(17.4)	0.4	(34.3)	(24.6)
property securities	(72.6)	(49.4)	(72.6)	53.3
other securities	(10.3)	7.4	1.4	(7.4)
Non cash items				
(Increase in):				
Excess of net market value of interest in subsidiaries	-	-	(2.9)	(2.7)
Change in assets and liabilities				
Decrease (increase) in:				
Insurance and other recoveries receivable	(21.1)	(11.2)	(21.1)	(11.2)
Premiums outstanding	(0.2)	(1.7)	(0.2)	(1.7)
Interest receivable	0.1	(0.2)	(9.7)	(8.7)
Dividends receivable	2.0	(2.0)	(3.3)	(7.8)
Property income receivable	(114.1)	(14.7)	8.0	22.4
Investment income receivables	(1.1)	(0.7)	(1.1)	(0.7)
Prepayments and deferred expenses	-	0.4	-	0.4
Other debtors	(3.9)	2.5	(5.4)	2.3
Increase (decrease) in:				
Net movement in tax balances	-	4.7	-	4.6
Premiums in advance	0.1	0.2	0.1	0.2
Claims outstanding	3.9	5.1	3.9	5.1
Reinsurance premiums paid	0.3	(1.5)	0.3	(1.5)
Policy liabilities	439.2	144.1	439.2	144.1
Policy owner retained profits	(24.3)	29.3	(24.3)	29.3
Other payables	66.4	21.3	(5.5)	146.5
Other liabilities	2.0	1.8	21.8	10.4
Net cash inflow (outflow) from operating activities	234.5	(2.1)	173.7	703.0
Reconciliation of cash				
Cash at bank	27.3	16.8	32.1	21.9
Cash deposits and short term securities included in investment assets - Interest bearing securities	68.9	65.3	205.4	120.1
	96.2	82.1	237.5	142.0

23. RISK MANAGEMENT

General risk management framework

A structured risk management framework has been implemented throughout the consolidated entity in respect of all risks. The framework comprises organisational structure, policies, methodologies, processes, and delegation of authority to assume and approve risk, monitoring and reporting requirements.

The risk management framework is continuing to evolve in the consolidated entity and a number of key initiatives are underway to enhance practices including the implementation of an Enterprise Risk Management (ERM) framework to enhance accountabilities, reporting and practices. The ERM framework has been used to define accountabilities for oversighting, monitoring and advising, and management of the universe of risks inherent in the business. The universe of risks includes credit, market, liquidity, insurance, compliance, operational, reputational and strategic risks.

During 2004 the first implementation phase of an Economic Capital framework was completed. This involved identifying risk capital at both a business unit level and comprehensively across the group. In future phases of the implementation, the Economic Capital model will be used to augment the business unit performance measurement framework.

The Board of Directors is responsible for approving the consolidated entity's risk appetite, strategy and policy and ensuring management takes necessary steps to monitor and control risk consistent with approved risk appetite. The Risk Committee has delegated authority from the Board to approve and oversee the processes used to identify, evaluate and manage risk and recommends the Group's risk appetite to the Board. Management has the primary responsibility and accountability for embedding the risk management framework within the business operations of the consolidated entity. Group functions such as Risk, Group Assurance and Compliance provide a monitoring and advisory function on an independent basis. These Group functions facilitate the reporting of the status, appropriateness and quality of our risk management capabilities to the Risk Committee and the management of risk.

The general risk management framework provides an ongoing process for recognising and evaluating risks, development and implementation of mitigation strategies and implementation of monitoring tools. All risks and their mitigators are documented in Risk Registers that are maintained at a business unit level and consolidated on a group basis. Risk Registers are reviewed annually. Each Register is signed off by the managers of the business unit and the relevant executive. Consolidated Risk Registers are endorsed by the Executive Risk Committee and submitted to provide assurance to the Risk Committee that management have identified the key risks including business continuity facing the Group.

Management is required as part of the monthly Due Diligence process to identify and report any risk events which have occurred and any breaches in authorities, policies or legislative requirements. These reports are endorsed through management and executives and included in the Chief Executive Officer's Due Diligence Report to the Risk Committee.

There are a number of compliance, risk management and review departments within the consolidated entity who are responsible for monitoring, reviewing and reporting on specific areas of the consolidated entity's operations. These departments include Group Risk Policy, Credit Approval, Credit Recovery, Credit Risk Systems, Credit Review, Group Assurance and Compliance, Investment Compliance, Group Operational Risk and Group Market Risk. These units report to the Risk Committee.

The Group Assurance and Compliance function independently examines and evaluates the adequacy and effectiveness of the Group's control environment across risk management systems, operations and governance processes. Assurance makes reports independently to the Audit Committee and provides summaries of all audit reports, together with details of management's action plans to rectify any noted weaknesses, to the Executive Risk Committee and the Audit Committee. Any specific Assurance findings relating to the risk management framework are reported directly to the Risk Committee.

The Company has an approved Risk Management Statement which has been accepted by the Australian Prudential Regulation Authority ("APRA") as appropriate guidelines for the investment of the entities' funds including the use of derivatives. More detailed discussion on this is contained in note 24.

23. RISK MANAGEMENT (Continued)

General risk management framework (cont)

The Company has a shareholder and two statutory funds, being a Capital Guaranteed Fund and an Investment Linked Fund. Within the Capital Guaranteed Fund there are four sub-funds: Life Capital Guaranteed Funds No's 1 and 4, and Superannuation Capital Guaranteed No's 1 and 4. Within the Investment Linked Fund there are thirteen sub-funds: the Life Capital Stable Fund, the Balanced Life Fund, the Superannuation Stable Fund, the Balanced Superannuation Fund, the MS Cash Pool Fund, the MS Balanced Fund, the MS Capital Stable Fund, the MS High Equity Fund, the Suncorp Metway Australian Equities Superannuation Fund, the Suncorp Metway International Equities Superannuation Fund, the Suncorp Imputation Fund, the Suncorp Metway Bonds Fund and the Suncorp Metway Property Fund. Each of these sub-funds has an investment mandate.

Credit risk

Credit risk is the likelihood of future financial loss resulting from the failure of clients or counterparties to meet contractual payment obligations to the consolidated entity as and when they fall due. Credit risk occurs as a result of investment in financial instruments.

The Risk Committee monitors the effectiveness of credit risk management in relation to life insurance activities, including the investments and insurance portfolios, and reviews exposure to reinsurers.

The consolidated entity has no specific concentration of credit risk with a single counterparty arising from the use of financial instruments in managing the investment portfolio other than that normally arising through dealings on recognised exchanges and off exchange dealings (over the counter contracts). The counterparties to over the counter contracts are limited to companies with strong credit ratings from a recognised credit rating agency. These counterparties are normally banks operating in Australia.

Credit risk from the use of financial instruments in investment management is controlled both by credit management (credit rating and credit limit controls) and by counterparty diversification policies to limit exposure to any one counterparty as a proportion of the investment portfolio.

Market risk

In its operations the consolidated entity is exposed to a variety of market risks. Market risk is the risk of loss of current and future consolidated entity earnings from adverse moves in interest rates, foreign exchange rates, equities prices, property prices and prices of other financial contracts including derivatives. The consolidated entity has a risk management framework in place for market risk. The framework for each risk in described below.

Interest rate risk

Interest rate risk is the risk of a loss of current and future consolidated entity earnings from adverse moves in interest rates. Interest rate risk arises from the potential for a change in interest rates to have an adverse effect on the revenue earnings in the current reporting period, and in future years. Any change in market value of investments in interest bearing securities are immediately reflected in the statements of financial performance in accordance with the accounting policies discussed in note 1(I).

23. RISK MANAGEMENT (Continued)

Interest rate risk (cont)

The repricing periods attributable to the consolidated entity at 30 June 2005 were:

	Weighted Average Rate %	Floating Interest Rate $m	1 Year or less $m	2 to 5 Years $m	Over 5 Years $m	Non-Interest Bearing $m	Total $m
Shareholder's fund and controlled entities							
Cash and short term liquid assets	5.5%	3.3	-	-	-	1.6	4.9
Cash on deposit	5.5%	0.7	-	-	-	-	0.7
Total shareholder's fund and controlled entities	5.5%	4.0	-	-	-	1.6	5.6
Statutory funds							
Cash and short term liquid assets	0.0%	-	-	-	-	27.2	27.2
Cash on deposit	5.5%	47.0	-	-	-	-	47.0
Margin deposits	4.0%	21.2	-	-	-	-	21.2
Receivables	8.5%	12.5	-	-	-	-	12.5
Total statutory funds	5.6%	80.7	-	-	-	27.2	107.9

The repricing periods attributable to the consolidated entity at 30 June 2004 were:

	Weighted Average Rate %	Floating Interest Rate $m	1 Year or less $m	2 to 5 Years $m	Over 5 Years $m	Non-Interest Bearing $m	Balance Sheet Total $m
Shareholder's fund and controlled entities							
Cash and short term liquid assets	4.8%	5.0	-	-	-	0.1	5.1
Cash on deposit	5.2%	0.3	-	-	-	-	0.3
Margin deposits	4.2%	0.1	-	-	-	-	0.1
Total shareholder's fund and controlled entities	4.8%	5.4	-	-	-	0.1	5.5
Statutory funds							
Cash and short term liquid assets	0.0%	-	-	-	-	16.7	16.7
Cash on deposit	5.2%	51.0	-	-	-	-	51.0
Margin deposits	4.2%	13.9	-	-	-	-	13.9
Total statutory funds	4.0%	64.9	-	-	-	16.7	81.6

23. RISK MANAGEMENT (Continued)

Foreign exchange risk

Foreign exchange risk is the risk of a loss from adverse movements in exchange rates on open foreign currency positions.

The statutory funds of the Company invest in overseas assets. These assets back the liabilities within the funds. In the Investment Linked Fund, any investment returns, whether positive or negative, are passed on to the policyholders. In the Capital Guaranteed Fund, capital and declared interest are guaranteed. The Fund maintains reserves in accordance with the standards of the LIASB to meet the risk of diminution of value associated with foreign exchange risk.

Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Under authority of the Board of Directors, the Risk Committee has responsibility for oversight of liquidity risk for the consolidated entity. The Risk Committee approves all liquidity policies and reviews relevant risk measures on a monthly basis. Executive management of liquidity risk is delegated to the Asset and Liability Committee who review risk measures and limits, provide guidance, endorse and monitor funding and liquidity strategy.

The ability to make claims payments in a timely manner is critical to the business of life insurance. The investment portfolio mandates ensure that sufficient cash deposits are available to meet day-to-day obligations.

The Company maintains a level of capital adequacy in accordance with Actuarial Standards issued by the LIASB.

Other financial instruments risk

In addition to cash and interest bearing securities, the investment portfolios contain exposures to equity and property markets. In accordance with the accounting policy discussed in note 1(I), these investments are measured at net market value at each balance date and changes in market value are immediately reflected in the statements of financial performance. These principles also apply to investments through unitised vehicles.

Any overall downturn in the equities markets may impact on the future results of the consolidated entity. The impact of any significant movement is managed by ensuring that the investment portfolio (whether direct or through unitised vehicles) consists of a diverse holding of Australian companies and through the limited use of derivative financial instruments, as discussed in note 24.

Operational risk

Operational risk is the potential exposure to unexpected financial or non-financial losses arising from the way in which the consolidated entity conducts its business. Operational risk is managed through the adoption of the consolidated entity's risk management framework. Operational risk events are tracked and monitored via a central loss database and reported regularly to the Executive Risk Committee and the Risk Committee.

Risks, which cross all business units such as business continuity and regulatory compliance, are coordinated centrally by Group Operational Risk and Group Policy and Compliance departments respectively. These risks are owned and managed by the Executive Risk Committee with monitoring by the Risk Committee. The Assurance department also conducts regular reviews and audits to monitor compliance with policy and regulatory requirements and examines the general standards of control.

24. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Statement

The Risk Management Statement, approved by the Board and issued pursuant to the requirements of APRA, establishes the basis on which derivative financial instruments may be used within the investment portfolios. The preparation and enforcement of the statement is a critical requirement for registered life insurers which use derivative financial instruments. The Risk Management Statement forms the basis of the discussion in this note on derivative financial instruments.

Definition

A derivative financial instrument is defined as a financial contract whose value depends on or is derived from assets, liabilities, or indexes (the underlying asset). Derivatives include a wide assortment of instruments such as forwards, futures, options, share ratios, warrant, swaps and other composites. These instruments may be traded on recognised exchanges or directly between counterparties.

Objectives

The Company sees the use of derivatives as consistent with the objectives of the overall investment strategies of the investment portfolios, and one of the means by which these strategies are implemented. Derivatives will only be used for the reasons of efficiency, arbitrage and risk reduction.

Limits on derivative usage

The Risk Management Statement and investment mandates strictly prohibit the use of derivatives for speculative purposes or for leveraged trading. Leverage is here defined as creating a portfolio which would have sensitivity to an underlying economic or financial variable which is greater than could be achieved using only physical securities. Exposure limits have been established with respect to the various asset classes for each client portfolio. Within each assets class, derivative exposure limits are identified in the Risk Management Statement and limits have been established on daily transaction levels. For over the counter (OTC) derivatives authorised counter-parties must have a minimum Standard and Poors rating of "A" or the equivalent credit rating by a recognised credit rating agency.

An independent compliance officer is responsible for monitoring these positions to ensure they do not exceed the authorities established in the investment mandate. Regular monitoring and control of these activities is the responsibility of the Risk Committee and internal audit.

Activities

The use of derivative financial instruments to mitigate market risk, interest rate risk and currency risk includes the use of exchange traded bill and bond futures, equity index futures, OTC forward exchange contracts and interest rate and equity options.

The 'face value' is the notional or contractual amount of the derivatives. This amount acts as reference value upon which interest payments and net settlements can be calculated and on which revaluation is based.

The 'fair value' of the derivative contract represents the net present value of the cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as at reporting date. Fair value does not indicate future gains or losses, but rather the unrealised gains and losses from marking to market all derivatives at a particular point in time. The fair value of derivative contracts vary over time depending on movements in interest and exchange rates and hedging strategies used.

Derivative financial instruments are measured at net market value. Changes in net market value are reflected in the statements of financial performance. The net fair values of the Company's derivative financial instruments at balance date are as follows:

24. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

	Statutory Funds Notional Principal Amount		Shareholder Fund Notional Principal Amount		Consolidated Notional Principal Amount	
	2005 $m	2004 $m	2005 $m	2004 $m	2005 $m	2004 $m
Less than one year	1,067.5	795.6	1.0	3.4	1,068.5	799.0
	1,067.5	795.6	1.0	3.4	1,068.5	799.0

	Statutory Funds		Shareholder Fund		Consolidated	
2005 Financial year	Face Value $m	Fair Value $m	Face Value $m	Fair Value $m	Face Value $m	Fair Value $m
Exchange rate related contracts						
Forward exchange contracts	235.9	(0.8)	0.3	-	236.2	(0.8)
Interest rate related contracts						
Interest rate futures	267.7	0.6	-	-	267.7	0.6
Equity related contracts						
Equity futures	563.9	(3.0)	0.7	-	564.6	(3.0)
	1,067.5	(3.2)	1.0	-	1,068.5	(3.2)

	Statutory Funds		Shareholder Fund		Consolidated	
2004 Financial year	Face Value $m	Fair Value $m	Face Value $m	Fair Value $m	Face Value $m	Fair Value $m
Exchange rate related contracts						
Forward exchange contracts	167.7	(0.7)	1.0	-	168.7	(0.7)
Interest rate related contracts						
Interest rate futures	259.4	(0.4)	-	-	259.4	(0.4)
Equity related contracts						
Equity futures	368.5	(5.1)	2.4	-	370.9	(5.1)
	795.6	(6.2)	3.4	-	799.0	(6.2)

Where the probability of exercising an option is less than one, a difference arises between notional principal and face value. For the years ended 2005 and 2004, notional principal amounts are equal to face value due to the absence of options in the investment portfolio. However, in future periods options may form part of the investment portfolio resulting in a difference between notional principal and face value amounts.

25. DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of investment assets which are measured at net market value at each balance date. Changes in net market value are immediately reflected in the statements of financial performance. The statements of financial position, therefore, reflect the fair value of financial instruments. The methods adopted in valuation of investments and significant assumptions are discussed in note 1(I).

26. AUDITORS' REMUNERATION

	Company 2005 $	Company 2004 $	Consolidated 2005 $	Consolidated 2004 $
Audit services				
Auditors of the Company - KPMG				
- Audit and review of financial reports	174,625	170,000	190,000	185,000
- Other regulatory services				
Other services				
Auditors of the Company - KPMG				
- Other assurance services	90,933	92,668	98,533	92,668
Other Auditors				
- Audit and review of financial reports (managed funds)	75,385	90,638	98,085	108,638
Total remuneration	340,943	353,306	386,618	386,306

Fees for services rendered by the entity's auditor in relation to the statutory audit are borne by the ultimate parent company, Suncorp-Metway Ltd.

Fees for services rendered by the auditors in relation to the audit of the ACMSF, EasySuper and Superplan managed funds are paid by the Company.

27. DETAILS OF CONTROLLED ENTITIES

Name	Note	Country of Incorporation	Class of Share	2005 %	2004 %
Suncorp Life & Superannuation Limited		Australia	Ordinary		
Controlled entities					
SIP Super Pty Ltd	(i)	Australia	Ordinary	100	100
Suncorp Financial Services Pty Ltd	(i)	Australia	Ordinary	100	100
Suncorp Superannuation Pty Ltd	(i)	Australia	Ordinary	100	100

The Company also controls the following managed investment schemes which are not accounted for in the company financial statements under the equity accounting method:

	2005 %	2004 %
Suncorp Investment Management Australian Equities Trust	85	83
Suncorp Investment Management World Fixed Interest Trust	94	82
Suncorp Investment Management Australian Fixed Interest Trust	91	88
Suncorp Investment Management World Equities Trust (gained control on 1 July 2004)	67	58
Suncorp Investment Management Australian Cash Trust (gained control on 1 April 2005)	75	61

Instead the market values for these investments are calculated at balance date and are brought to account at this value in compliance with the requirements of AASB 1038: *Life Insurance Business*. These investments are classified as equity or fixed interest investments.

(i) These investments form part of the investment assets.

28. RELATED PARTY INFORMATION

Directors
The names of each person holding the position of director of the Company during the year were:

John D **Story** (Chairman)	(Appointed 1 December 1996)
John F **Mulcahy** (Managing Director)	(Appointed 6 January 2003)
William J **Bartlett**	(Appointed 1 July 2003)
Dr Ian D **Blackburne**	(Appointed 3 August 2000)
Rodney F **Cormie**	(Appointed 1 December 1996)
Dr Cherrell **Hirst** AO	(Appointed 8 February 2002)
James J **Kennedy** AO, CBE	(Appointed 1 August 1997)
Martin D E **Kriewaldt**	(Appointed 14 June 1996)
Christopher **Skilton** (Executive Director)	(Appointed 13 November 2002)

Details of directors' remuneration are set out in note 29.

Controlling entity
The immediate parent entity and ultimate parent entity is Suncorp-Metway Ltd.

Transactions with directors and director- related entities.
Mr J D Story is a non-executive Chairman of the firm Corrs Chambers Westgarth, Solicitors, which from time to time renders legal services to the Company in the ordinary course of business. Fees paid to the firm during the financial year amounted to $44,365 (2004: $42,988).

Apart from the details disclosed in this note, no director or director related entity has entered into a material contract with the Company during the reporting period, and there were no material contracts involving directors or a director related entity subsisting at the end of the reporting period.

Transactions with entities in the wholly owned group and other related parties
The wholly owned group consists of Suncorp-Metway Ltd and its wholly owned and controlled entities.

Transactions between the Company and related parties in the wholly owned group during the years ended 30 June 2005 and 30 June 2004 consisted of advances made and repaid, insurance premiums received and paid, fees received and paid for administrative, property and portfolio management services and interest received and paid. All these transactions were on a normal commercial basis, apart from advances between entities, some of which are on an interest free basis.

Other related party information is disclosed in notes 4, 16, 17, 19 and 20.

The aggregate amounts resulting from transactions between the Company and members of the wholly owned group that have been included in the operating result before tax as disclosed in the statements of financial performance are as follows:

	Company	
	2005	**2004**
	$m	**$m**
Distribution fee income:		
controlled entities	(2.2)	(4.3)
	(2.2)	(4.3)
Management fee income:		
controlled entities	(2.4)	(2.0)
controlled entities of the parent entity	(10.8)	(9.8)
distributions from controlled unit trusts	(296.9)	(90.0)
	(310.1)	(101.8)

28. RELATED PARTY INFORMATION (Continued)

Transactions with entities in the wholly owned group and other related parties (Continued)

	Company	
	2005	**2004**
	$m	**$m**
Administration expenses:		
parent entity	43.8	44.3
controlled entity	2.0	1.0
controlled entities of the parent entity	13.6	10.3
	59.4	55.6

Amounts receivable from and payable to entities in the wholly owned group and other related parties

The aggregate amounts receivable from, and payable to, entities in the wholly owned group by the Company as disclosed in notes 16 and 20 are as follows:

	Company	
	2005	**2004**
	$m	**$m**
Current amounts receivable:		
parent entity (note 16)	3.8	1.7
parent entity - tax recharge receivable (note 16)	-	1.4
controlled entities of the parent entity (note 16)	5.5	4.4
controlled unit trusts - distributions receivable	160.9	39.2
	170.2	46.7
Current amounts payable:		
parent entity (note 20)	13.2	13.7
parent entity - transfer of provision of current income tax under tax sharing agreement (note 20)	92.2	30.0
controlled entities (note 20)	1.1	0.6
	106.5	44.3

29. DIRECTORS' REMUNERATION

No director of the Company has received any remuneration from the Company or its controlled entities. No remuneration paid by the parent entity, Suncorp-Metway Ltd, is separately identified as relating to the management of the affairs of the Company.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities considered remote

There are claims and possible claims against the Company, the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained. The Company does not consider that the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Details of contingent liabilities for which no provisions are included in these financial reports are as follows:

Derivative Instruments

In the ordinary course of business, the Company enters into various types of investment contracts, including derivative positions, that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these types of transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposures.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Tax Consolidation

The Company and its wholly owned controlled entities are members of a tax-consolidated group, and are jointly and severally liable for the income tax obligations of that group in the event that the head entity of the group defaults in its payment obligations to the Australian Tax Office. The tax sharing agreements have effect to limit this joint and several liability to an amount relative to its contribution to group profit. The head entity has not been in default of its payment obligations and the directors are of the opinion that the probability of default is remote.

Contingent assets

There are claims and possible claims made by the Company against external parties, the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained. The Company does not consider that the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position. The directors are of the opinion that the receivables are not required in respect of these matters, as it is not probable that future economic benefits will eventuate or the amount is not capable of reliable measurement.

31. EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

For dividends declared after 30 June 2005, see note 14.

International Financial Reporting Standards

For reporting periods beginning on or after 1 July 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. The implementation plan and potential impact of adopting AIFRS are detailed in Note 2 to the financial statements.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the consolidated entity, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32. SUMMARY OF SHAREHOLDER'S INTERESTS

	Statutory Funds		Shareholder Fund		Total Interests	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Operating profit after income tax	51.4	47.2	10.7	6.6	62.1	53.8
Shareholders' retained profits at the beginning of the financial year	154.5	126.3	56.4	30.8	210.9	157.1
Transfers of profits between funds	(36.0)	(19.0)	36.0	19.0	-	-
Dividends paid	-	-	(32.0)	-	(32.0)	-
Shareholders' retained profits at the end of the financial year	169.9	154.5	71.1	56.4	241.0	210.9
Share capital (note 21)	-	-	39.0	39.0	39.0	39.0
Capital transfers to statutory funds	29.8	29.8	(29.8)	(29.8)	-	-
Total shareholder's equity (note 38(C))	199.7	184.3	80.3	65.6	280.0	249.9

	2005	2004
Components of shareholder's interests in statutory funds:		
Shareholders' retained profits - participating business	81.2	87.2
Shareholders' retained profits - non-participating business	88.7	67.3
Shareholder's capital	29.8	29.8
	199.7	184.3

Shareholder's access to the retained profits and shareholder's capital in the statutory funds is restricted to the extent that these monies are required to meet Solvency and Capital Adequacy Standards under the Life Act.

33. RECONCILIATION TO LIFE ACT OPERATING PROFITS & RETAINED PROFIT OF STATUTORY FUNDS

(A) Allocation of operating profit

The general principles adopted in the allocation of operating profit to participating policy owners and the shareholder, which are in accordance with the Life Act and the Company's Articles of Association, are as follows:

Participating business
All profits, including net investment returns on policy owners' retained profits and shareholder participating retained profits are allocated 80 percent to policy owners and 20 percent to the shareholder.

Non-participating business
All profits, including net investment returns on shareholder capital and shareholder non-participating retained profits, are allocated to the shareholder.

(B) Distribution of retained profits

The general principles adopted in the distribution of retained profits to participating policy owners and the shareholder in accordance with the requirements in Section 62 of the Life Act are as follows:

Shareholder's retained profits in a statutory fund may be transferred to the shareholder fund subject to the statutory fund's capital requirements being maintained and the shareholder's retained profits from participating business being at least 25 percent of policy owners' retained profits.

Distributions of profits to participating policy owners are made in the form relevant to the type of policy. Conventional business profits are distributed by way of reversionary and terminal bonuses and investment account business profits are distributed by way of crediting interest to policy owners.

Bonuses and interest credits for individual product lines are determined by the Company on the principle of the equitable treatment of participating policy owners.

	Policy owners' interests		Shareholder's interests		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
(C) Details of operating profits						
Operating profit after income tax	-	-	51.4	47.2	51.4	47.2
Bonuses provided for or paid in the current period:						
interim & terminal bonus on claims paid	3.7	3.5	-	-	3.7	3.5
declared bonus on in force policies (note 36(c))	140.4	72.5	-	-	140.4	72.5
Increase in policy owner retained profits	(24.3)	29.3	-	-	(24.3)	29.3
Life Act operating profit after income tax	119.8	105.3	51.4	47.2	171.2	152.5
Sources of the operating profit:						
From non-investment linked business:						
participating business	119.8	105.3	30.0	26.3	149.8	131.6
non-participating business	-	-	12.1	10.7	12.1	10.7
From investment linked business:						
non-participating business	-	-	9.3	10.2	9.3	10.2
	119.8	105.3	51.4	47.2	171.2	152.5

33. RECONCILIATION TO LIFE ACT OPERATING PROFIT & RETAINED PROFITS OF STATUTORY FUNDS (Continued)

(D) Details of retained profits

	Policy owners' interests		Shareholder's interests		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Retained profits at the beginning of the financial year	-	-	154.5	126.3	154.5	126.3
Liability for policy owner retained profits (note 36)	348.8	319.5	-	-	348.8	319.5
Life Act retained profits at the beginning of the financial year	348.8	319.5	154.5	126.3	503.3	445.8
Life Act operating profit after income tax	119.8	105.3	51.4	47.2	171.2	152.5
Transfer to shareholder's fund from participating business (note 32)	-	-	(36.0)	(19.0)	(36.0)	(19.0)
Provision for bonuses to participating policy owners'	(144.1)	(76.0)	-	-	(144.1)	(76.0)
Life Act retained profits at the end of the financial year	324.5	348.8	169.9	154.5	494.4	503.3
Policy owner retained profits at the end of the financial year	(324.5)	(348.8)	-	-	(324.5)	(348.8)
Retained profits at the end of the financial year	-	-	169.9	154.5	169.9	154.5
Components of Life Act retained profits at the end of the financial year:						
Policy owners' interests	324.5	348.8	-	-	324.5	348.8
Shareholder's interests in participating business	-	-	81.2	87.2	81.2	87.2
Shareholder's interests in non-participating business	-	-	88.7	67.3	88.7	67.3
	324.5	348.8	169.9	154.5	494.4	503.3

34. SOLVENCY REQUIREMENTS OF THE STATUTORY FUNDS

Distribution of the retained profits is limited by the prudential capital requirements of Part 5 of the Life Act, the detailed provisions of which are specified by Actuarial Standards. The Solvency Standard prescribes a minimum level of assets, known as the Solvency Requirement, for each statutory fund of the Company.

The solvency requirements, and the ratios in respect of those requirements, are as follows:

		Statutory Fund No.1		Statutory Fund No.2		Total Statutory Funds	
		2005	2004	2005	2004	2005	2004
		$m	$m	$m	$m	$m	$m
Solvency requirement	'A'	2,129.2	1,868.1	1,279.7	1,026.0	3,408.9	2,894.1
Represented by:							
Minimum termination value		1,670.2	1,575.1	1,258.5	1,017.6	2,928.7	2,592.7
Other liabilities		169.2	88.2	15.5	2.5	184.7	90.7
Solvency reserve	'B'	289.8	204.8	5.7	5.9	295.5	210.7
		2,129.2	1,868.1	1,279.7	1,026.0	3,408.9	2,894.1
Assets available for solvency reserve	'C'	742.8	676.2	53.4	44.8	796.2	721.0
Comprising:							
Excess of net policy liabilities (includes policy owner bonuses) over minimum termination value		289.8	204.9	(17.7)	(17.0)	272.1	187.9
Net assets		128.5	122.5	71.1	61.8	199.6	184.3
Liability for policy owner retained profits at end of year		324.5	348.8	-	-	324.5	348.8
		742.8	676.2	53.4	44.8	796.2	721.0
Solvency reserve %	**(B/(A-B)) x 100**	15.8%	12.3%	0.4%	0.6%	9.5%	7.9%
Coverage of solvency reserve	**C/B**	2.6	3.3	9.4	7.6	2.7	3.4

The minimum termination value is determined in accordance with the Solvency Standard and is the base figure upon which reserves against liability and asset risks are layered in determining the solvency requirement. The minimum termination value represents the minimum obligation of the Company to policy owners at reporting date.

35. CAPITAL REQUIREMENT OF THE SHAREHOLDERS' FUND

	Shareholder Fund 2005 $m	Shareholder Fund 2004 $m
Capital Requirement	**13.8**	**11.7**
Being the greater of (iv):		
Management capital reserve		
Determined as:		
Management capital requirement (i)	33.5	20.7
less Total liabilites (ii)	(19.7)	(9.0)
	13.8	11.7
And		
Minimum capital requirement (iii)	10.0	10.0
Assets available for capital requirement	80.4	65.6
Management capital reserve %	**70%**	**130%**
Coverage of capital requirement	**5.8**	**5.6**

Explanatory notes:

i. The minimum level of assets required to be held in the shareholders' fund in accordance with the prescribed requirements of the management capital standard referred to in Part 5 of the Life Act.

ii. Total liabilities of the shareholder's fund exclude all liabilities attributable to the statutory funds and total shareholder's equity.

iii. Minimum capital requirement is capital required to be held in the shareholder's fund in accordance with APRA Prudential Standard No.3 under the Life Act.

iv. The greater of relationship between the two capital requirements applies provided the requirements for form of capital in respect of the minimum capital requirement are met.

36. POLICY LIABILITIES

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
(A) Movements in policy liabilities						
Gross policy liabilities	2,003.3	1,804.3	1,240.8	1,000.6	3,244.1	2,804.9
Gross policy liabilities ceded under reinsurance	(43.3)	(24.3)	-	-	(43.3)	(24.3)
Net policy liabilities	1,960.0	1,780.0	1,240.8	1,000.6	3,200.8	2,780.6
Net policy liabilities at the end of the previous financial year	1,780.0	1,822.1	1,000.6	824.8	2,780.6	2,646.9
	180.0	(42.1)	240.2	175.8	420.2	133.7
Insurance premiums recognised as a change in gross policy liabilities (Note 5)	(219.8)	(170.0)	(289.2)	(276.8)	(509.0)	(446.8)
Claims expense recognised as a change in gross policy liabilities (Note 7)	288.7	340.8	178.5	193.8	467.2	534.6
	68.9	170.8	(110.7)	(83.0)	(41.8)	87.8
Increase (decrease) in net policy liabilities	248.9	128.7	129.5	92.8	378.4	221.5
Net policy liabilities includes policy liabilities subject to capital guarantees	1,601.3	1,520.9	-	-	1,601.3	1,520.9
(B) Movements in policy owner retained profits						
Policy owner retained profits at the end of the financial year	324.5	348.8	-	-	324.5	348.8
Policy owner retained profits at the end of the previous financial year	348.8	319.5	-	-	348.8	319.5
Increase (decrease) in policy owner retained profits	(24.3)	29.3	-	-	(24.3)	29.3

36. POLICY LIABILITIES (Continued)

(C) Components of net policy liabilities

	Current Basis (v) 2005 $m	Current Basis (v) 2004 $m	Previous Basis (iv) 2005 $m
Best estimate liability			
Non-investment linked business:			
Value of future policy benefits (i)	1,759.3	1,663.6	1,828.7
Value of future expenses	201.4	200.5	224.6
Value of unrecouped acquisition expenses	(131.0)	(114.2)	(130.0)
Balance of future premiums	(998.5)	(928.5)	(1,028.4)
	831.2	821.4	894.9
Investment linked business:			
Value of future policy benefits (i)	1,340.5	1,153.4	1,388.6
Value of future expenses	61.7	55.3	65.5
Value of unrecouped acquisition expenses	(17.2)	(19.3)	(17.6)
Balance of future premiums	(165.9)	(209.8)	(224.6)
	1,219.1	979.6	1,211.9
Total best estimate liability	2,050.3	1,801.0	2,106.8
Value of future profits			
Non-investment linked business:			
Policy owner bonuses (ii)	747.0	676.5	701.6
Shareholder profit margins	241.4	209.7	225.6
	988.4	886.2	927.2
Investment linked business			
Shareholder profit margins	21.7	20.9	28.4
Total value of future profits	1,010.1	907.1	955.6
Total value of declared bonuses (iii)	140.4	72.5	140.4
Total net policy liabilities	3,200.8	2,780.6	3,202.8

Explanatory note:

i. Future policy benefits include bonuses credited to policy owners in prior periods but exclude current period bonuses (as set out in the statements of financial performance) and future bonuses (as set out in (ii)). Where business is valued by other than projection techniques, future policy benefits includes the account balance.

ii. Future bonuses exclude current period bonuses.

iii. Current year declared bonuses valued in accordance with the Actuarial Standard.

iv. Using the actuarial methods and assumptions relevant at the previous reporting date, but on current in force business.

v. Using the actuarial methods and assumptions relevant at the current reporting date on current in force business.

37. STATEMENT OF SOURCES OF OPERATING PROFIT

(A) Shareholder's operating profit in the statutory funds

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
The shareholder's operating profit after income tax in the statutory funds is represented by:						
Investment earnings on shareholder's retained profits and capital	15.2	12.0	5.5	5.7	20.7	17.7
Emergence of shareholder's planned profits	28.2	23.7	3.2	2.3	31.4	26.0
Experience profit (loss)	(1.9)	(0.6)	1.1	2.1	(0.8)	1.5
Reversal of capitalised loss	0.6	1.9	(0.5)	0.1	0.1	2.0
Shareholder's operating profit after income tax	42.1	37.0	9.3	10.2	51.4	47.2
Cumulative losses carried forward at the end of the financial year	1.0	1.6	0.6	0.2	1.6	1.8

(B) Life Act policy owners' operating profit in the statutory funds

	Non-Investment Linked Business		Investment Linked Business		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
The Life Act policy owners' operating profit after income tax in the statutory funds is represented by:						
Earnings of policy owner retained profits	38.6	29.7	-	-	38.6	29.7
Emergence of policy owner planned profits	87.8	75.1	-	-	87.8	75.1
Experience loss	(6.6)	0.5	-	-	(6.6)	0.5
Life Act policy owners' operating profit after income tax	119.8	105.3	-	-	119.8	105.3

38. STATUTORY FUNDS SEGMENT INFORMATION

(A) Statutory Funds Information

Details of the separate Statutory Funds established to account for the different types of life insurance business written by the Company are as follows:

Types of Policies Written	Major Products	
No: 1 Statutory Fund		
Fully or partially capital guaranteed, ordinary and superannuation business	Individual:	Whole of Life, Endowment, Term Life, Investment Account, Crisis Care, Disability
	Group:	Group Life, Managed Fund
	Annuities:	Immediate, Deferred
No: 2 Statutory Fund		
Investment-linked ordinary and superannuation business	Individual:	Investment-linked products
	Group:	Investment-linked products
	Annuities:	Investment-linked: Deferred

All policies written and major products are offered within Australia only.

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2005

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Total 2005 $m
STATUTORY FUND NO 1							
Premium revenue	4.8	58.2	63.0	2.0	46.8	48.8	111.8
Outwards reinsurance expense	-	(4.9)	(4.9)		(24.7)	(24.7)	(29.6)
	4.8	53.3	58.1	2.0	22.1	24.1	82.2
Investment revenue	127.2	(1.3)	125.9	208.9	7.0	215.9	341.8
Other revenue	-	-	-	-	7.5	7.5	7.5
Total revenue	132.0	52.0	184.0	210.9	36.6	247.5	431.5
Claims expense	(14.1)	(23.2)	(37.3)	(4.1)	(31.8)	(35.9)	(73.2)
Reinsurance recoveries	-	5.8	5.8	-	16.1	16.1	21.9
	(14.1)	(17.4)	(31.5)	(4.1)	(15.7)	(19.8)	(51.3)
Operating expenses	(6.4)	(25.9)	(32.3)	(12.2)	(17.2)	(29.4)	(61.7)
Decrease (increase) in net policy liabilities	(38.7)	-	(38.7)	(212.4)	2.2	(210.2)	(248.9)
(Increase) in policy owner retained profits	(27.0)	-	(27.0)	51.3	-	51.3	24.3
Total operating expenses	(86.2)	(43.3)	(129.5)	(177.4)	(30.7)	(208.1)	(337.6)
Operating profit (loss) before income tax (expense)/ benefit	45.8	8.7	54.5	33.5	5.9	39.4	93.9
Income tax (expense) benefit attributable to operating profit (loss)	(33.1)	(2.5)	(35.6)	(16.2)	-	(16.2)	(51.8)
Profit (loss) from ordinary activities after income tax (expense) benefit	12.7	6.2	18.9	17.3	5.9	23.2	42.1

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2004 (Continued)

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 1							
Premium revenue	5.2	51.7	56.9	2.2	43.8	46.0	102.9
Outwards reinsurance expense		(4.5)	(4.5)		(22.9)	(22.9)	(27.4)
	5.2	47.2	52.4	2.2	20.9	23.1	75.5
Investment revenue	102.2	(2.0)	100.2	154.0	6.0	160.0	260.2
Other revenue	-	-	-	-	4.4	4.4	4.4
Total revenue	107.4	45.2	152.6	156.2	31.3	187.5	340.1
Claims expense	(13.5)	(25.4)	(38.9)	(3.9)	(27.8)	(31.7)	(70.6)
Reinsurance recoveries	-	3.7	3.7	-	12.9	12.9	16.6
	(13.5)	(21.7)	(35.2)	(3.9)	(14.9)	(18.8)	(54.0)
Operating expenses	(5.9)	(26.4)	(32.3)	(10.9)	(14.7)	(25.6)	(57.9)
Decrease (increase) in net policy liabilities	(25.1)	3.1	(22.0)	(114.5)	7.8	(106.7)	(128.7)
(Increase) in policy owner retained profits	(25.8)	-	(25.8)	(3.5)	-	(3.5)	(29.3)
Total operating expenses	(70.3)	(45.0)	(115.3)	(132.8)	(21.8)	(154.6)	(269.9)
Operating profit (loss) before income tax (expense)/ benefit	37.1	0.2	37.3	23.4	9.5	32.9	70.2
Income tax (expense) benefit attributable to operating profit (loss)	(26.7)	-	(26.7)	(7.5)	1.0	(6.5)	(33.2)
Profit (loss) from ordinary activities after income tax (expense) benefit	10.4	0.2	10.6	15.9	10.5	26.4	37.0

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2005 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Total 2005 $m
STATUTORY FUND NO 2							
Premium revenue	-	-	-	-	1.6	1.6	1.6
Outwards reinsurance expense	-	-	-	-	-	-	-
	-	-	-	-	1.6	1.6	1.6
Investment revenue	-	4.7	4.7	-	164.3	164.3	169.0
Other revenue	-	-	-	-	-	-	-
Total revenue	-	4.7	4.7	-	165.9	165.9	170.6
Claims expense	-	-	-	-	-	-	-
Reinsurance recoveries	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Operating expenses	-	(0.2)	(0.2)	-	(21.5)	(21.5)	(21.7)
Decrease in net policy liabilities	-	(2.6)	(2.6)	-	(126.9)	(126.9)	(129.5)
(Increase) decrease in policy owner retained profits	-	-	-	-	-	-	-
Total operating expenses	-	(2.8)	(2.8)	-	(148.4)	(148.4)	(151.2)
Operating (loss) before income tax benefit	-	1.9	1.9	-	17.5	17.5	19.4
Income tax benefit attributable to operating profit	-	(1.1)	(1.1)	-	(9.0)	(9.0)	(10.1)
Profit from ordinary activities after income tax benefit	-	0.8	0.8	-	8.5	8.5	9.3

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2004 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 2							
Premium revenue	-	-	-	-	1.2	1.2	1.2
Outwards reinsurance expense	-	-	-	-	-	-	-
	-	-	-	-	1.2	1.2	1.2
Investment revenue	-	4.0	4.0	-	123.9	123.9	127.9
Other revenue	-	-	-	-	-	-	-
Total revenue	-	4.0	4.0	-	125.1	125.1	129.1
Claims expense	-	-	-	-	-	-	-
Reinsurance recoveries	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Operating expenses	-	(0.1)	(0.1)	-	(17.8)	(17.8)	(17.9)
Decrease in net policy liabilities	-	(2.1)	(2.1)	-	(90.7)	(90.7)	(92.8)
(Increase) decrease in policy owner retained profits	-	-	-	-	-	-	-
Total operating expenses	-	(2.2)	(2.2)	-	(108.5)	(108.5)	(110.7)
Operating (loss) before income tax benefit	-	1.8	1.8	-	16.6	16.6	18.4
Income tax benefit attributable to operating profit	-	(0.9)	(0.9)	-	(7.3)	(7.3)	(8.2)
Profit from ordinary activities after income tax benefit	-	0.9	0.9	-	9.3	9.3	10.2

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2005 (Continued)

	Non-Investment Linked Statutory Fund No 1 2005 $m	Investment Linked Statutory Fund No 2 2005 $m	Total Statutory Funds 2005 $m	Shareholder Fund 2005 $m
Premium revenue	111.8	1.6	113.4	-
Outwards reinsurance expense	(29.6)	-	(29.6)	-
	82.2	1.6	83.8	-
Investment revenue	341.8	169.0	510.8	10.1
Other revenue	7.5	-	7.5	15.9
Total revenue	431.5	170.6	602.1	26.0
Claims expense	(73.2)	-	(73.2)	-
Reinsurance recoveries	21.9	-	21.9	-
	(51.3)	-	(51.3)	-
Operating expenses	(61.7)	(21.7)	(83.4)	(14.7)
Decrease in net policy liabilities	(248.9)	(129.5)	(378.4)	-
(Increase) in policy owner retained profits	24.3	-	24.3	-
Total operating expenses	(337.6)	(151.2)	(488.8)	(14.7)
Operating profit (loss) before income tax (expense)/benefit	93.9	19.4	113.3	11.3
Income tax (expense) benefit attributable to operating profit (loss)	(51.8)	(10.1)	(61.9)	(0.6)
Profit from ordinary activities after income tax (expense) benefit	42.1	9.3	51.4	10.7

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(B) Abbreviated statements of financial performance at fund and category level for the year ended 30 June 2004 (Continued)

	Non-Investment Linked Statutory Fund No 1 2004 $m	Investment Linked Statutory Fund No 2 2004 $m	Total Statutory Funds 2004 $m	Shareholder Fund 2004 $m
Premium revenue	102.9	1.2	104.1	-
Outwards reinsurance expense	(27.4)	-	(27.4)	-
	75.5	1.2	76.7	-
Investment revenue	260.2	127.9	388.1	8.6
Other revenue	4.4	-	4.4	16.3
Total revenue	340.1	129.1	469.2	24.9
Claims expense	(70.6)	-	(70.6)	-
Reinsurance recoveries	16.6	-	16.6	-
	(54.0)	-	(54.0)	-
Operating expenses	(57.9)	(17.9)	(75.8)	(15.5)
Decrease in net policy liabilities	(128.7)	(92.8)	(221.5)	-
(Increase) in policy owner retained profits	(29.3)	-	(29.3)	-
Total operating expenses	(269.9)	(110.7)	(380.6)	(15.5)
Operating profit (loss) before income tax (expense)/benefit	70.2	18.4	88.6	9.4
Income tax (expense) benefit attributable to operating profit (loss)	(33.2)	(8.2)	(41.4)	(2.8)
Profit from ordinary activities after income tax (expense) benefit	37.0	10.2	47.2	6.6

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2005

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Total 2005 $m
STATUTORY FUND NO 1							
Equities securities	-	-	-	-	-	-	-
Debt securities							
private sector - unsecured	27.4	2.2	29.6	23.0	1.8	24.8	54.4
Loans and advances	8.5	0.7	9.2	3.0	0.3	3.3	12.5
Unit trusts	793.9	67.1	861.0	1,392.3	104.7	1,497.0	2,358.0
Other directly held assets	(0.2)	-	(0.2)	(0.4)	-	(0.4)	(0.6)
Total investment assets	829.6	70.0	899.6	1,417.9	106.8	1,524.7	2,424.3
Policy liabilities ceded	-	21.2	21.2	-	22.1	22.1	43.3
Other assets	70.3	5.9	76.2	76.0	5.7	81.7	157.9
TOTAL ASSETS	899.9	97.1	997.0	1,493.9	134.6	1,628.5	2,625.5
Gross policy liabilities	469.3	(30.6)	438.7	1,518.9	45.7	1,564.6	2,003.3
Policy owner retained profits	344.6	-	344.6	(20.1)	-	(20.1)	324.5
Other liabilities	-	99.7	99.7	-	69.5	69.5	169.2
TOTAL LIABILITIES	813.9	69.1	883.0	1,498.8	115.2	1,614.0	2,497.0
NET ASSETS	86.0	28.0	114.0	(4.9)	19.4	14.5	128.5
Share capital	-	-	-	-	-	-	-
Capital transfers	-	1.9	1.9	-	3.3	3.3	5.2
Retained profits	86.0	26.1	112.1	(4.9)	16.1	11.2	123.3
TOTAL EQUITY	86.0	28.0	114.0	(4.9)	19.4	14.5	128.5

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2004 (Continued)

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 1							
Equities securities	-	-	-	-	-	-	-
Debt securities							
private sector - unsecured	26.9	0.8	27.7	22.6	1.2	23.8	51.5
Loans and advances	8.7	0.3	9.0	3.1	0.2	3.3	12.3
Unit trusts	769.0	23.9	792.9	1,345.1	68.7	1,413.8	2,206.7
Other directly held assets	(0.2)	-	(0.2)	(0.3)	-	(0.3)	(0.5)
Total investment assets	804.4	25.0	829.4	1,370.5	70.1	1,440.6	2,270.0
Policy liabilities ceded	-	7.8	7.8	-	16.5	16.5	24.3
Other assets	36.7	1.1	37.8	30.2	1.5	31.7	69.5
TOTAL ASSETS	841.1	33.9	875.0	1,400.7	88.1	1,488.8	2,363.8
Gross policy liabilities	444.0	(44.0)	400.0	1,361.8	42.5	1,404.3	1,804.3
Policy owner retained profits	317.6	-	317.6	31.2	-	31.2	348.8
Other liabilities	-	56.1	56.1	-	32.1	32.1	88.2
TOTAL LIABILITIES	761.6	12.1	773.7	1,393.0	74.6	1,467.6	2,241.3
NET ASSETS	79.5	21.8	101.3	7.7	13.5	21.2	122.5
Share capital	-	-	-	-	-	-	-
Capital transfers	-	1.9	1.9	-	3.3	3.3	5.2
Retained profits	79.5	19.9	99.4	7.7	10.2	17.9	117.3
TOTAL EQUITY	79.5	21.8	101.3	7.7	13.5	21.2	122.5

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2005 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Total 2005 $m
STATUTORY FUND NO 2							
Equities securities	-	-	-	-	-	-	-
Debt securities		-			-		
private sector - unsecured	-	0.9	0.9	-	12.9	12.9	13.8
Loans and advances	-	-	-	-	-	-	-
Unit trusts	-	32.9	32.9	-	1,213.7	1,213.7	1,246.6
Other directly held assets	-	-	-	-	(0.2)	(0.2)	(0.2)
Total investment assets	-	33.8	33.8	-	1,226.4	1,226.4	1,260.2
Policy liabilities ceded	-	-	-	-	-	-	-
Other assets	-	1.8	1.8	-	65.4	65.4	67.2
TOTAL ASSETS	-	35.6	35.6	-	1,291.8	1,291.8	1,327.4
Gross policy liabilities	-	21.8	21.8	-	1,219.0	1,219.0	1,240.8
Policy owner retained profits	-	-	-	-	-	-	-
Other liabilities	-	1.9	1.9	-	13.6	13.6	15.5
TOTAL LIABILITIES	-	23.7	23.7	-	1,232.6	1,232.6	1,256.3
NET ASSETS	-	11.9	11.9	-	59.2	59.2	71.1
Share capital	-	-	-	-	-	-	-
Capital transfers	-	6.6	6.6	-	18.0	18.0	24.6
Retained profits	-	5.3	5.3	-	41.2	41.2	46.5
TOTAL EQUITY	-	11.9	11.9	-	59.2	59.2	71.1

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2004 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 2							
Equities securities	-	-	-	-	-	-	-
Debt securities		-			-		
private sector - unsecured	-	1.0	1.0	-	12.4	12.4	13.4
Loans and advances	-	-	-	-	-	-	-
Unit trusts	-	31.2	31.2	-	997.0	997.0	1,028.2
Other directly held assets	-	-	-	-	(0.1)	(0.1)	(0.1)
Total investment assets	-	32.2	32.2	-	1,009.3	1,009.3	1,041.5
Policy liabilities ceded	-	-	-	-	-	-	-
Other assets	-	(0.2)	(0.2)	-	23.6	23.6	23.4
TOTAL ASSETS	-	32.0	32.0	-	1,032.9	1,032.9	1,064.9
Gross policy liabilities	-	20.9	20.9	-	979.7	979.7	1,000.6
Policy owner retained profits	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	2.5	2.5	2.5
TOTAL LIABILITIES	-	20.9	20.9	-	982.2	982.2	1,003.1
NET ASSETS	-	11.1	11.1	-	50.7	50.7	61.8
Share capital	-	-	-	-	-	-	-
Capital transfers	-	6.6	6.6	-	18.0	18.0	24.6
Retained profits	-	4.5	4.5	-	32.7	32.7	37.2
TOTAL EQUITY	-	11.1	11.1	-	50.7	50.7	61.8

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2005 (Continued)

	Non-Investment Linked Statutory Fund No 1 2005 $m	Investment Linked Statutory Fund No 2 2005 $m	Total Statutory Funds 2005 $m	Shareholder Fund 2005 $m
Equities securities	-	-	-	23.6
Debt securities				
private sector - unsecured	54.4	13.8	68.2	0.7
Loans and advances	12.5	-	12.5	-
Unit trusts	2,358.0	1,246.6	3,604.6	19.4
Other directly held assets	(0.6)	(0.2)	(0.8)	-
Total investment assets	2,424.3	1,260.2	3,684.5	43.7
Policy liabilities ceded	43.3	-	43.3	-
Other assets	157.9	67.2	225.1	56.3
TOTAL ASSETS	2,625.5	1,327.4	3,952.9	100.0
Gross policy liabilities	2,003.3	1,240.8	3,244.1	-
Policy owner retained profits	324.5	-	324.5	-
Other liabilities	169.2	15.5	184.7	19.7
TOTAL LIABILITIES	2,497.0	1,256.3	3,753.3	19.7
NET ASSETS	128.5	71.1	199.6	80.3
Share capital	-	-	-	39.0
Capital transfers	5.2	24.6	29.8	(29.8)
Retained profits	123.3	46.5	169.8	71.1
TOTAL EQUITY	128.5	71.1	199.6	80.3

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(C) Abbreviated statements of financial position at fund and category level for the year ended 30 June 2004 (Continued)

	Non-Investment Linked Statutory Fund No 1 2004 $m	Investment Linked Statutory Fund No 2 2004 $m	Total Statutory Funds 2004 $m	Shareholder Fund 2004 $m
Equities securities	-	-	-	19.0
Debt securities				
private sector - unsecured	51.5	13.4	64.9	0.4
Loans and advances	12.3	-	12.3	-
Unit trusts	2,206.7	1,028.2	3,234.9	34.5
Other directly held assets	(0.5)	(0.1)	(0.6)	-
Total investment assets	2,270.0	1,041.5	3,311.5	53.9
Policy liabilities ceded	24.3	-	24.3	-
Other assets	69.5	23.4	92.9	35.5
TOTAL ASSETS	2,363.8	1,064.9	3,428.7	89.4
Gross policy liabilities	1,804.3	1,000.6	2,804.9	-
Policy owner retained profits	348.8	-	348.8	-
Other liabilities	88.2	2.5	90.7	23.8
TOTAL LIABILITIES	2,241.3	1,003.1	3,244.4	23.8
NET ASSETS	122.5	61.8	184.3	65.6
Share capital	-	-	-	39.0
Capital transfers	5.2	24.6	29.8	(29.8)
Retained profits	117.3	37.2	154.5	56.4
TOTAL EQUITY	122.5	61.8	184.3	65.6

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(D) Life Insurance Act operating profit and retained profits at fund and category level for the year ended 30 June 2005

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Par 2005 $m	Non-Par 2005 $m	Total 2005 $m	Total 2005 $m
STATUTORY FUND NO 1							
Life insurance act operating profits after income tax allocated to:							
policyowners	51.3	-	51.3	68.5	-	68.5	119.8
shareholder	12.7	6.2	18.9	17.3	5.9	23.2	42.1
	64.0	6.2	70.2	85.8	5.9	91.7	161.9
Policyowners' retained profits at the beginning of the financial year	317.6	-	317.6	31.2	-	31.2	348.8
Operating profits allocated	51.3	-	51.3	68.5	-	68.5	119.8
Bonuses to policyowners	(24.3)	-	(24.3)	(119.8)	-	(119.8)	(144.1)
Policyowners' retained profits at the end of the financial year	344.6	-	344.6	(20.1)	-	(20.1)	324.5
Shareholder's retained profits at the beginning of the financial year	79.5	19.9	99.4	7.7	10.2	17.9	117.3
Operating profits allocated	12.7	6.2	18.9	17.3	5.9	23.2	42.1
Transfers to shareholder's fund	(6.1)	-	(6.1)	(29.9)	-	(29.9)	(36.0)
Shareholder's retained profits at the end of the financial year	86.1	26.1	112.2	(4.9)	16.1	11.2	123.4
Shareholder's capital at the beginning of the financial year	-	1.9	1.9	-	3.3	3.3	5.2
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's capital at the end of the financial year	-	1.9	1.9	-	3.3	3.3	5.2

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(D) Life Insurance Act operating profit and retained profits at fund and category level for the year ended 30 June 2004 (Continued)

	Non-Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 1							
Life insurance act operating profits after income tax allocated to:							
policyowners	41.5	-	41.5	63.8	-	63.8	105.3
shareholder	10.4	0.2	10.6	15.9	10.5	26.4	37.0
	51.9	0.2	52.1	79.7	10.5	90.2	142.3
Policyowners' retained profits at the beginning of the financial year	291.8	-	291.8	27.7	-	27.7	319.5
Operating profits allocated	41.5	-	41.5	63.8	-	63.8	105.3
Bonuses to policyowners	(15.7)	-	(15.7)	(60.3)	-	(60.3)	(76.0)
Policyowners' retained profits at the end of the financial year	317.6	-	317.6	31.2	-	31.2	348.8
Shareholder's retained profits at the beginning of the financial year	73.0	19.7	92.7	6.9	(0.3)	6.6	99.3
Operating profits allocated	10.4	0.2	10.6	15.9	10.5	26.4	37.0
Transfers to shareholder's fund	(3.9)	-	(3.9)	(15.1)	-	(15.1)	(19.0)
Shareholder's retained profits at the end of the financial year	79.5	19.9	99.4	7.7	10.2	17.9	117.3
Shareholder's capital at the beginning of the financial year	-	1.9	1.9	-	3.3	3.3	5.2
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's capital at the end of the financial year	-	1.9	1.9	-	3.3	3.3	5.2

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(D) Life Insurance Act operating profit and retained profits at fund and category level for the year ended 30 June 2005 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par	Non-Par	Total	Par	Non-Par	Total	Total
	2005	2005	2005	2005	2005	2005	2005
	$m	$m	$m	$m	$m	$m	$m
STATUTORY FUND NO 2							
Life insurance act operating profits after income tax allocated to:							
policyowners	-	-	-	-	-	-	-
shareholder	-	0.8	0.8	-	8.5	8.5	9.3
	-	0.8	0.8	-	8.5	8.5	9.3
Policyowners' retained profits at the beginning of the financial year	-	-	-	-	-	-	-
Operating profits allocated	-	-	-	-	-	-	-
Bonuses to policyowners	-	-	-	-	-	-	-
Policyowners' retained profits at the end of the financial year	-	-	-	-	-	-	-
Shareholder's retained profits at the beginning of the financial year	-	4.5	4.5	-	32.7	32.7	37.2
Operating profits allocated	-	0.8	0.8	-	8.5	8.5	9.3
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's retained profits at the end of the financial year	-	5.3	5.3	-	41.2	41.2	46.5
Shareholder's capital at the beginning of the financial year	-	6.6	6.6	-	18.0	18.0	24.6
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's capital at the end of the financial year	-	6.6	6.6	-	18.0	18.0	24.6

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(D) Life Insurance Act operating profit and retained profits at fund and category level for the year ended 30 June 2004 (Continued)

	Investment Linked						
	Ordinary Business			Superannuation Business			
	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Par 2004 $m	Non-Par 2004 $m	Total 2004 $m	Total 2004 $m
STATUTORY FUND NO 2							
Life insurance act operating profits after income tax allocated to:							
policyowners	-	-	-	-	-	-	-
shareholder	-	0.9	0.9	-	9.3	9.3	10.2
	-	0.9	0.9	-	9.3	9.3	10.2
Policyowners' retained profits at the beginning of the financial year	-	-	-	-	-	-	-
Operating profits allocated	-	-	-	-	-	-	-
Bonuses to policyowners	-	-	-	-	-	-	-
Policyowners' retained profits at the end of the financial year	-	-	-	-	-	-	-
Shareholder's retained profits at the beginning of the financial year	-	3.6	3.6	-	23.4	23.4	27.0
Operating profits allocated	-	0.9	0.9	-	9.3	9.3	10.2
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's retained profits at the end of the financial year	-	4.5	4.5	-	32.7	32.7	37.2
Shareholder's capital at the beginning of the financial year	-	6.6	6.6	-	18.0	18.0	24.6
Transfers to shareholder's fund	-	-	-	-	-	-	-
Shareholder's capital at the end of the financial year	-	6.6	6.6	-	18.0	18.0	24.6

All business written through Statutory Fund No. 2 is non-participating under the *Life Insurance Act 1995*

38. STATUTORY FUNDS SEGMENT INFORMATION (Continued)

(D) Life Insurance Act operating profit and retained profits at fund and category level (Continued)

	Non-Investment Linked Statutory Fund No 1		Investment Linked Statutory Fund No 2		Total Statutory Funds	
	2005	2004	2005	2004	2005	2004
	$m	$m	$m	$m	$m	$m
Life insurance act operating profits after income tax allocated to:						
policyowners	119.8	105.3	-	-	119.8	105.3
shareholder	42.1	37.0	9.3	10.2	51.4	47.2
	161.9	142.3	9.3	10.2	171.2	152.5
Policyowners' retained profits at the beginning of the financial year	348.8	319.5	-	-	348.8	319.5
Operating profits allocated	119.8	105.3	-	-	119.8	105.3
Bonuses to policyowners	(144.1)	(76.0)	-	-	(144.1)	(76.0)
Policyowners' retained profits at the end of the financial year	324.5	348.8	-	-	324.5	348.8
Shareholder's retained profits at the beginning of the financial year	117.3	99.3	37.2	27.0	154.5	126.3
Operating profits allocated	42.1	37.0	9.3	10.2	51.4	47.2
Transfers to shareholder's fund	(36.0)	(19.0)	-	-	(36.0)	(19.0)
Shareholder's retained profits at the end of the financial year	123.4	117.3	46.5	37.2	169.9	154.5
Shareholder's capital at the beginning of the financial year	5.2	5.2	24.6	24.6	29.8	29.8
Transfers to shareholder's fund	-	-	-	-	-	-
Shareholder's capital at the end of the financial year	5.2	5.2	24.6	24.6	29.8	29.8

In the opinion of the Directors of Suncorp Life & Superannuation Limited:

(a) the financial statements and notes, set out on pages 6 to 73, are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

iii. complying with the requirements of the Life Insurance Act 1995 (Life Act), Prudential Rules No. 35, applicable Accounting Standards in Australia and Urgent Issues Group Consensus Views.

(b) the allocation of the profits of the Statutory Funds of the Company have been made in accordance with Divisions 5 and 6 of Part 4 of the Life Act and the Articles of Association of the Company;

(c) no assets of the Statutory Funds of the Company have been applied or invested in contravention of the Life Act;

(d) there are reasonable grounds to believe that, as at the time this declaration is made, the Shareholder's Fund of the Company and each of the Statutory Funds of the Company will be able to pay all debts or claims that are referable to them;

(e) a Board Approved Risk Management Statement has been in place; and

(f) the Board understands the Risk Management Statement, has monitored its effectiveness, has received regular reports on its operation and is satisfied with the level of compliance.

Signed in accordance with a resolution of the Directors.

John D Story
Chairman

John F Mulcahy
Managing Director

Brisbane
26 August 2005

In accordance with the requirements of the Life Insurance Act 1995 ("the Life Act"), I state that in my opinion:

(a) the value of the policy liabilities and the solvency of Suncorp Life & Superannuation Limited ("the Company") have been determined using methods and assumptions consistent with the Actuarial Standards;

(b) the allocation and distribution of the profits of the statutory funds of the Company have been made in accordance with Division 5 and 6 of Part 4 of the Life Act and the Constitution of the Company; and

(c) proper records have been kept by the Company from which its policy liabilities and solvency have been able to be properly determined.

Rowan T Ward
Appointed Actuary
Suncorp Life & Superannuation Limited

Brisbane
26 August 2005

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Suncorp Life & Superannuation Limited ("the Company") and Suncorp Life & Superannuation Limited and its controlled entities (the "Consolidated Entity"), for the year ended 30 June 2005. The Consolidated Entity comprises both the company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Suncorp Life & Superannuation Limited is in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the financial year ended on that date; and

   ii. complying with Accounting Standards in Australia and the CorporationsRegulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

Greig

Brian Greig
Partner

Brisbane
26 August 2005

Scope

We have audited the attached financial report of Suncorp Life & Superannuation Limited ("the Company") for the financial year ended 30 June 2005, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes, and the directors' declaration. The financial report includes the consolidated financial report of the consolidated entity, comprising the Company and the entities it controlled at year end or from time to time during the financial year. The Company's directors are responsible for the financial report and its compliance with the requirements of the Life Insurance Act 1995 ("the Life Act") and Prudential Rules No. 35 ("PR 35") issued by the Australian Prudential Regulation Authority ("APRA"). We have conducted an independent audit of the financial report in order to express an opinion on it to the directors of the Company.

The financial report has been prepared by the directors for the purpose of fulfilling their financial reporting requirements to the APRA under the Life Act and prevailing Prudential Rules. We disclaim any assumpton of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the directors or APRA, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the Life Act and prevailing Prudential Rules, so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of their operations and cashflows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

(a) the financial report of Suncorp Life & Superannuation Limited for the year ended 30 June 2005 is drawn up so as to present fairly in accordance with the Life Act and PR 35, the consolidated entity's financial position and performance as represented by the results of their operations and cashflows;

(b) the records of the Company and the consolidated entity properly record the affairs and transactions of the Company and consolidated entity;

(c) the apportionments of income and outgoings, made under Part 6, Division 2 of the Life Act have beenmade equitably and in accordance with generally accepted accounting principles;

(d) no part of the assets of the Statutory Funds has been applied directly or indirectly in contravention of the provisions of the Life Act relating to the application and investment of Statutory Funds.

KPMG

KPMG

Greig

Brian Greig
Partner

Brisbane
26 August 2005

INDEPENDENT AUDIT REPORT ON THE RISK MANAGEMENT STATEMENT OF SUNCORP LIFE & SUPERANNUATION LIMITED TO THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Scope

We have audited Suncorp Life & Superannuation Limited's Risk Management Statement (RMS) in relation to the use of derivatives for the financial year ended 30 June 2005 in order to express an opinion whether the Company has complied with the requirements of the Australian Prudential Regulation Authority Life Insurance Act 1995 Circular to the Life Insurance Companies No C.I.1 Derivatives – Use, Management and Control, November 1995.

The Board of Directors is responsible for the development and implementation of the RMS and for monitoring its effectiveness. The Directors' representation about the existence and effective implementation of the RMS is included in the Company's financial report for the financial year ended 30 June 2005. We have conducted an independent audit in order to express an opinion whether the RMS is in place and complies with the requirements of Appendix A to Circular C.I.1. No opinion is expressed on the effectiveness of the risk management controls or on the appropriateness and extent of derivative use in the context of the Company's overall investment strategy.

This report has been prepared for the Australian Prudential Regulation Authority. We disclaim any assumption of responsibility for any reliance on this report to any other party other than the Australian Prudential Regulation Authority, or for any other purpose than for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards and accordingly included such tests and procedures considered necessary in the circumstances. These procedures have been undertaken to form an opinion whether the RMS is in place and has been complied with in all material respects based on Appendix A to Circular C.I.1.

Inherent Limitations

Because of the inherent limitations in any risk management structure, non-compliance may occur and not be detected. Also, projections of continuing compliance to future periods are subject to the risk that changes in conditions may result in the degree of compliance deteriorating.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, Suncorp Life & Superannuation Limited maintained and complied, in all material respects, with the Risk Management Statement in relation to derivatives based on the criteria in Appendix A to Circular C.I.1 for the financial year ended 30 June 2005.

KPMG

KPMG

BGreig

Brian Greig
Partner

Brisbane
26 August 2005