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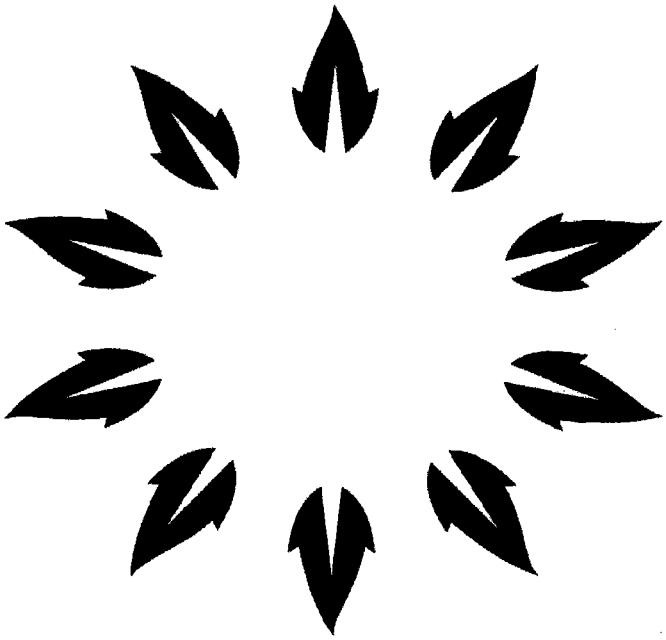
ASTERON LIFE LIMITED

FINANCIAL REPORT

For the Year Ended 30 June 2009



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ASTERON LIFE LIMITED
ANNUAL REPORT

The Directors have pleasure in presenting the financial statements of Asteron Life Limited for the year ended 30 June 2009.

Directors

The following persons were Directors of Asteron Life Limited ("the Company") for the whole of the period:

G T Ricketts (Chairman)
S Carroll
B D Connor
A Vriens
G E Summerhayes (appointed 1 July 2008)

Directors' responsibility statement

The Directors are responsible for ensuring that the financial statements present fairly the financial position of the Company and the Group as at 30 June 2009 and their financial performance and cash flows for the year ended 30 June 2009.

The Directors consider that the financial statements of the Company and Group have been prepared using appropriate accounting policies, consistently applied (except for the restatement of defined benefit fund amounts in the 2008 income statements as disclosed in Note 3(p) (i) to the financial statements), and supported by reasonable judgements and estimates, and that all relevant financial reporting standards have been followed. The financial statements have been prepared to comply fully with the New Zealand equivalents to International Financial Reporting Standards. In complying with the New Zealand equivalents to the International Financial Reporting Standards, these financial statements also comply with International Financial Reporting Standards.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors have taken adequate steps to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

With the unanimous agreement of all shareholders, the Company has taken advantage of reporting concessions available to it under section 211(3) of the Companies Act 1993.

The financial statements of Asteron Life Limited were approved for issue on 7 September 2009.

The following Directors have signed on behalf of the Board:

Director
7 September 2009

Director
7 September 2009

ASTERON LIFE LIMITED
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated
	Note	$000	$000	$000	$000
Revenue:	7				
Insurance premium revenue		122,314	115,012	122,314	115,012
Outwards reinsurance premium expense		(22,416)	(20,043)	(22,416)	(20,043)
Net premium revenue		**99,898**	**94,969**	**99,898**	**94,969**
Investment revenue		3,429	(6,541)	(22,516)	(20,897)
Other revenue		9,795	12,468	-	-
Total investment and other revenue		**13,224**	**5,927**	**(22,516)**	**(20,897)**
Total net operating revenue		**113,122**	**100,896**	**77,382**	**74,072**
Expenses:	8				
Claims expense		89,562	70,349	89,562	70,349
Reinsurance recoveries		(25,769)	(10,250)	(25,769)	(10,250)
Net claims incurred		**63,793**	**60,099**	**63,793**	**60,099**
Acquisition expenses		41,835	42,845	36,665	36,249
Maintenance expenses		32,951	28,437	29,816	24,823
Other expenses - impairment loss on mortgage loans	8	12,731	6,092	-	-
Investment management expense		4,163	4,723	1,840	2,180
Change in unvested policy liabilities		(974)	(845)	(974)	(845)
Change in policy liabilities	21(a)	(65,975)	(68,763)	(65,975)	(68,763)
Total management expenses and policy liability movements		**24,731**	**12,489**	**1,372**	**(6,356)**
Total operating expenses		**88,524**	**72,588**	**65,165**	**53,743**
Result from operating activities		**24,598**	**28,308**	**12,217**	**20,329**
Finance costs	9	14,285	7,967	777	286
Net profit for the year from ordinary activities before income tax	10	**10,313**	**20,341**	**11,440**	**20,043**
Income tax expense/(benefit)	11	(12,615)	(9,820)	(11,439)	(10,335)
Net profit for the year from ordinary activities after income tax		**22,928**	**30,161**	**22,879**	**30,378**
Net profit/(loss) attributable to minority interests		434	217	-	-
Net profit for the year from ordinary activities after tax attributable to the member of Asteron Life Limited	21(c)	**23,362**	**30,378**	**22,879**	**30,378**

The above Income Statements should be read in conjunction with the accompanying notes.

ASTERON LIFE LIMITED
STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated
	Note	$000	$000	$000	$000
Profit for the period after tax		23,362	30,378	22,879	30,378
Actuarial (loss)/gain on defined benefit fund	17	(2,312)	(2,022)	(2,312)	(2,022)
Total recognised income and expense for the year attributable to the equity holder of the company	**22**	**21,050**	**28,356**	**20,567**	**28,356**

The above Statement should be read in conjunction with the accompanying notes.

ASTERON LIFE LIMITED
BALANCE SHEETS
AS AT 30 JUNE 2009

		Consolidated Entity		Parent Entity	
		As at	As at	As at	As at
		30 June 2009	30 June 2008	30 June 2009	30 June 2008
	Note	$000	$000	$000	$000
Assets					
Cash and cash equivalents	12	8,774	18,066	7,207	12,418
Financial assets at fair value through profit or loss	14	599,653	686,306	634,591	718,779
Reinsurance recoveries on outstanding claims liabilities and other recoveries		16,212	12,531	16,212	12,531
Reinsurance recoveries - policy liabilities	21 (b)	16,627	14,222	16,627	14,222
Loans and receivables	13	202,911	191,302	26,616	78,289
Current tax asset		6,946	-	8,323	-
Employee defined benefit assets	17 (a) (b)	1,807	1,888	1,807	1,888
Plant and equipment	16	425	571	381	494
Intangible assets	18	2,538	1,895	2,418	1,895
Other assets	15	4,815	5,879	3,054	4,135
Total assets		**860,708**	**932,660**	**717,236**	**844,651**
Liabilities					
Payables	19	17,894	13,578	23,991	18,955
Current tax liabilities		-	7,668	-	6,898
Financial liabilities - external	20	158,700	154,743	-	54,743
Unearned premium liabilities		1,906	1,951	1,906	1,951
Outstanding claims liabilities		67,927	57,150	67,927	57,150
Policy liabilities	21	254,388	356,413	254,388	356,413
Unvested policy liabilities		16,366	17,340	16,366	17,340
Other employee benefit obligations	17 (a)	1,200	1,501	1,162	1,453
Employee defined benefit obligations	17 (a)	3,776	2,928	3,776	2,928
Deferred tax liabilities	11(b)	47,403	48,971	49,223	49,005
Total liabilities		**569,560**	**662,243**	**418,739**	**566,836**
Net assets		**291,148**	**270,417**	**298,497**	**277,815**
Equity					
Share capital	22	190,514	172,899	190,514	172,899
Retained earnings		98,049	94,499	107,983	104,916
Parent entity interest		**288,563**	**267,398**	**298,497**	**277,815**
Minority interests		2,585	3,019	-	-
Total equity	22	**291,148**	**270,417**	**298,497**	**277,815**

The above Balance Sheets should be read in conjunction with the accompanying notes.

The following Directors have signed on behalf of the Board:

Director
7 September 2009

Director
7 September 2009

ASTERON LIFE LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008 Restated
	Note	$000	$000	$000	$000
Cash flows from operating activities					
Premiums received on life insurance and investment contracts		137,541	135,291	137,541	135,291
Outwards reinsurance paid		(25,007)	(18,459)	(25,007)	(18,459)
Policy payments		(136,332)	(150,955)	(136,332)	(150,955)
Reinsurance recoveries received		19,956	14,302	19,956	14,302
Payments to suppliers and employees		(37,164)	(54,452)	(22,655)	(43,757)
Agents commission and bonuses paid		(33,909)	(34,827)	(32,432)	(31,734)
Interest received		43,882	41,862	25,017	28,618
Dividends received		19,389	32,415	19,389	32,410
Other income received		551	1,491	475	410
Other revenue		9,795	12,468	-	-
Borrowing costs		(14,285)	(7,967)	(777)	(286)
Income tax received/(paid)		(3,567)	(4,798)	(3,564)	(3,680)
Net cash flows from operating activities	29	**(19,150)**	**(33,629)**	**(18,389)**	**(37,840)**
Cash flows from investing activities					
Repayment of investment in wholesale mortgage funds		-	-	31,500	-
Investment in GTFM Mortgage Fund		-	-	(31,500)	-
Proceeds from sale of controlled entities		-	-	317	-
Payments for purchase of financial assets		(646,081)	(1,152,739)	(643,450)	(1,140,472)
Net due to minority interests		-	(1,639)	-	-
Advances of policy loans		(646)	(2,588)	(646)	(2,588)
Advances of mortgage and other loans		(241,141)	(208,631)	(6,746)	(57,843)
Proceeds from the sale of financial assets		668,728	1,211,736	660,307	1,192,947
Repayments of policy loans		2,727	3,867	2,727	3,867
Repayments of mortgage and other loans		223,324	109,912	56,282	3,100
Proceeds from sale of plant and equipment		6	36	5	35
Payment for purchases of plant and equipment		(83)	(371)	(62)	(364)
Payments for purchase of Intangible assets		(1,048)	(2,320)	(928)	(2,320)
Net cash flows from investing activities		**5,786**	**(42,737)**	**67,806**	**(3,638)**
Cash flows from financing activities					
Proceeds from borrowings		266,750	94,743	-	54,743
Repayments of borrowings		(262,793)	-	(54,743)	
Contributed Share Capital		17,615	169	17,615	169
Dividends paid		(17,500)	(15,000)	(17,500)	(15,000)
Net cash flows from financing activities		**4,072**	**79,912**	**(54,628)**	**39,912**
Net increase in cash and cash equivalents held		**(9,292)**	**3,546**	**(5,211)**	**(1,566)**
Cash and cash equivalents					
Carried forward balance		18,066	14,520	12,418	13,984
Change in amount held		(9,292)	3,546	(5,211)	(1,566)
Balance at end of the year	12(b)	**8,774**	**18,066**	**7,207**	**12,418**

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Note **Contents**

1 General Information

The legal form of Asteron Life Limited (the Company) is a Company incorporated under the New Zealand Companies Act 1993.

The Company operates in New Zealand and its line of business is primarily life insurance and long term savings products.

The parent of the company is Suncorp Group New Zealand Limited (formerly Promina Group New Zealand Limited) and the ultimate parent of this group is Suncorp-Metway Limited, which is an Australian company listed on the Australian Stock Exchange.

2 Basis of Preparation

(a) *Preparation*

These general purpose financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice (NZ GAAP) and New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS), other authoritative pronouncements of the New Zealand Accounting Standards Review Board, the New Zealand equivalents of the Standards Interpretation Committee corresponding to the interpretations approved by the International Accounting Standards Board (IASB), the Financial Reporting Act 1993 and the Companies Act 1993.

The Company and Group are a profit oriented entities.

These financial statements are prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives) at fair value through profit and loss and policyholder liabilities and employee entitlements which are at net present value.

(b) Presentation

The balance sheets have been prepared using the liquidity format of presentation to emphasise the importance of liquidity to the user of the financial statements.

All amounts are presented in thousands of New Zealand dollars, which is the Company's and Group's functional and presentation currency, unless otherwise stated. (Some of the items have both current and non current components which are quantified in the respective notes).

(c) New Reporting Standards or Interpretations

The following financial reporting standards and interpretations have been issued by the Financial Reporting Standards Board but are not yet effective:

NZ IFRS 1 and NZ IAS 27 - (Amendment) Cost of investment in Subsidiary, Jointly Controlled Entity or Associate
NZ IFRS 2 - (Amendment) Vesting Conditions and Cancellations
NZ IFRS 2 - (Amendment) Share-Based Payment - Group Cash Settled Share-Based Payment Transactions
NZ IFRS 3 - Business Combinations
NZ IFRS 4 - (Amendment) Insurance Contracts
NZ IFRS 7 - (Amendment) Improve Disclosure about Financial Instruments
NZ IFRS 8 - Operating Segments
NZ IAS 1 - Presentation of Financial Statements
NZ IAS 1 and NZ IAS 32 - (Amendment) Puttable Financial Instruments and Obligations arising on Liquidation
NZ IAS 23 - Borrowing Costs (revised)
NZ IAS 27 - (Amendment) Consolidated and Separate Financial Statements
NZ IAS 39 - (Amendment) Embedded Derivatives
NZ IAS 39 - (Amendment) Eligible Hedged Items
NZ IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
NZ IFRIC 15 - Agreements for the Construction of Real Estate
NZ IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
NZ IFRIC 17 - Distributions of Non-Cash Assets to Owners
NZ IFRIC 18 - Transfers of Assets from Customers

NZ IFRS 2 amendment to share-based payments is to be effective for annual reporting periods on or after 1 January 2010. The Company and the Group have already early adopted this standard.

NZ IFRS 3 is to be effective for annual reporting periods on or after 1 July 2009 and will be adopted by the Company and the Group for the financial year commencing 1 July 2009. As this standard specifies the accounting treatment of certain business combinations from 1 July 2009, it is not possible to determine the possible impact on future financial statements.

NZ IFRS 4 amendment is to be effective for annual reporting periods on or after 1 January 2009. The Company and the Group have already early adopted this standard.

NZ IFRS 8 is to be effective for annual reporting periods on or after 1 January 2009 and will be applied by the Company and Group from the financial year commencing 1 July 2009. The adoption of this standard will have no impact on future financial statements other than the requirement to provide more detailed analytical information and notes on revenue and expenses by operating segments where appropriate.

NZ IAS 1 is to be effective for annual reporting periods on or after 1 January 2009 and will be adopted by the Company and Group for the financial year commencing 1 July 2009. This standard specifies the presentation of financial statements from 1 July 2009 which will not have any financial impact on future financial statements.

2 Basis of Preparation - continued

(c) New Reporting Standards or Interpretations (continued)

NZ IAS 27 is to be effective for annual reporting periods on or after 1 July 2009 and will be adopted by the Company and Group for the financial year commencing 1 July 2009. As this amendment relates to the accounting for non-controlling interests and the loss of control of a subsidiary from 1 July 2009, it is not possible to determine the possible impact on future financial statements.

NZ IFRIC 14 is to be effective for financial reporting periods commencing on or after 1 July 2009, although early adoption is possible. The interpretation imposes a restriction on the amount of the surplus from a defined benefit plan that can be recognised in the financial statements. The company and consolidated entity have early adopted this interpretation as at 30 June 2007.

None of the other standards or amendments issued will be adopted by the Company and Group as they are not currently applicable to the Company or Group. They will, therefore, not have any impact on future financial statements.

3 Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Asteron Life Limited as at 30 June 2009 and the results of all controlled entities for the year ended 30 June 2009.

(b) Subsidiaries

The Company and its controlled entities together are referred to in these financial statements as the Group. The effects of all transactions between entities in the Group are eliminated in full. Minority interests in the results and equity of the Group are shown separately in the financial statements. Investments in subsidiary companies are held at their fair value.

Control exists when the Company has the power, either directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Where control of an entity is obtained during a financial period, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which the control existed.

(c) Foreign currency translation

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

(d) Finance costs

Finance costs include interest on financial liabilities (borrowing costs) and amortisation of discounts or premiums relating to borrowings. Borrowing costs are expensed as incurred.

(e) Financial assets

(i) Financial assets backing life insurance liabilities

Assets backing life insurance liabilities are recorded at fair value through the profit and loss with any resultant gains or losses recognised in the income statement.

(ii) Other financial assets

Mortgage loans are classified as loans and receivables and are measured initially at fair value plus transaction costs directly attributable to the issue of mortgage loans, and are measured subsequently at amortised cost using the effective interest rate method less impaired losses. Performing mortgage loans are stated at amortised cost which, due to the minimum loan to value ratio and the minimum credit criteria required by the Fund for the mortgage loans it holds, is believed by the Manager to be the fair value of these investments. Impaired loans are stated at their realisation values which are assessed by reference to independent forced sales valuations adjusted for expected selling and marketing costs. Mortgage loans are derecognised when the rights to receive cash flows have expired which is normally when the mortgage loan and any accrued interest has been fully repaid.

Impaired assets include restructured loans and other individually impaired assets as follows:

(i) Restructured mortgage loans

Restructured mortgage loans are those where the counterparty had difficulty repaying their loan on contract repayment date as per the original terms of the contract and the original terms have been modified to grant the counterparty an extension to the mortgage loan maturity date provided that the Fund's loan to value ratio and credit criteria have been satisfied at the date the loan was rolled over for a further period.

3 Significant Accounting Policies - continued

(e) Financial assets (continued)

(ii) Other individually impaired assets
Other individually impaired assets are those assets determined to be impaired but which are not restructured assets.

Mortgages classed as past due are those on which payments, including interest, have not been made when contractually due.

An indemnity receivable is recognised only when a specific impairment principal and/or interest provision is made against mortgage loans covered by the The New Zealand Guardian Trust Company Limited indemnities.

(iii) Other loans and receivables

Amounts due from policyholders, intermediaries, reinsurance and other receivables, including mortgage loans, are initially recognised at fair value, being the amounts receivable. They are subsequently measured at fair value, being the initial recognised amount and reducing it for credit risk as appropriate. The impairment charge is recognised in the income statement. Given the short term nature of most receivables, the recoverable amount approximates fair value.

The policy and method of establishing provisions for the impairment of mortgage loans is described in Note 3(m)(i).

All other financial assets, including derivatives, are designated as fair value through profit and loss upon initial recognition.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The consolidated entity has not designated any derivative as a hedging instrument. Non designated derivatives are valued on a market-to-market basis such that the income statement and the balance sheet reflect all unrealised gains and losses on these derivatives.

(iii) Determination of fair value

Fair value for the various types of financial assets is determined as follows:

Cash assets - at face value of the amounts deposited or drawn;
Listed, unit trusts and shares - by reference to quoted bid price;
Listed, government and semi government securities - by reference to quoted bid price;
Unlisted investments (including investment in subsidiaries) - at valuation based on recent arm's length transactions, reference to other instruments that have substantially the same characteristics, discounted cash flow analysis and other pricing models.

(iv) Recognition and de-recognising

All purchases and sales of financial assets that require delivery of the asset within the time frame established by regulation or market convention are recognised at trade date, being the date on which the consolidated entity commits to buy or sell the asset.

Financial assets are de-recognised when the rights to receive future cash flows from the assets have expired, or have been transferred, and the consolidated entity has transferred substantially all risks and rewards of ownership.

(f) Financial liabilities

(i) Financial liabilities arising from investment contracts

Financial liabilities arising from investment contracts are measured at fair value based on the future settlement amount under the contract. Changes to the fair value are recognised in the income statement in the period in which they occur.

(ii) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the borrowings, or where appropriate, a shorter period, to the net carrying amount of the borrowings.

3 Significant Accounting Policies - continued

(g) Taxation

(i) Income tax

Life insurers are subject to a special tax regime. Two bases are maintained: the life office base which is subject to tax on investment income less expenses plus deemed underwriting income, and the policyholder base which seeks to tax benefits as they accrue to policyholders under the policies in the form of claim, surrender and maturity payments and increments in the value of policies. The life insurer pays tax on the higher of the two bases at the company rate of 30%. As the life insurer is taxed as proxy for the policyholders, returns to policyholders are tax-exempt.

(ii) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the recoverable amount of GST. Receivables and payables are stated inclusive of GST where applicable. The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables and payables. The items in the cash flow statements are shown exclusive of the recoverable amount of GST.

(iii) Deferred tax

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheets. Current and deferred taxes attributable to amounts recognised directly in equity are recognised in equity. Deferred tax assets and liabilities are recognised at tax rates expected to apply when the assets are recorded or liabilities settled, with deferred tax assets recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, other short-term highly liquid investments with original maturities of three months or less, deposits at call that are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within financial liabilities in the balance sheet unless there exists a right of offset.

(i) Plant and equipment

Plant and equipment are carried at cost, less any subsequent accumulated depreciation and impairment losses. The depreciation rates used range from 3 to 10 years and are calculated on a straight line basis.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(j) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits. Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. The consolidated entity does not have any finance leases.

(k) Goodwill

The Company uses the purchase method of accounting to account for the acquisition of subsidiaries. Where an entity or operation is acquired, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The identifiable net assets acquired, including other intangibles, are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the consolidated entity's share of the identifiable net assets acquired, including other intangibles, represents goodwill. Goodwill on acquisitions on controlled subsidiaries is brought to account as goodwill, or included in the value of the investment in associate for the acquisition of an associate.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is tested for impairment at least annually or earlier if there is any evidence to suggest potential impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(l) Intangible assets - software

Intangible assets are non-monetary assets other than goodwill with no physical substance, that are separately identifiable, controlled by the Group and have future economic benefits. The asset is measured as the cost incurred in its generation.

Where an intangible asset is deemed to have an indefinite life, it is not amortised but tested for impairment at least on an annual basis. If it is deemed to have finite useful life, it is to be amortised over its useful life and tested for impairment whenever there is an indication that the asset may be impaired.

3 Significant Accounting Policies - continued

(m) Impairment of financial assets

Financial assets of the Group are assessed for indicators of impairment at each reporting date. Indicators include both internal and external factors. If any such indication exists, the asset's recoverable amount is estimated.

(i) Mortgage loans

Specific provisions
Mortgage loans and accrued interest are subject to an impairment assessment to determine if there is objective evidence that any loan or accrued interest are impaired at each balance date. All known bad debts are written off against the impairment provision in the period in which they are incurred. Where not previously provided for they are written off directly to the Income Statement.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss includes:
- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- initiation of bankruptcy proceedings; and
- deterioration in the value of collateral.

Specific impairment provisions are recognised for all loans where there is objective evidence that an individual loan is impaired. Specific impairment provisions are measured as the difference between the assets' carrying amount and the estimated future cash flows discounted to their present value at the original effective interest rate. As this discount unwinds during the period between recognition of impairment and recovery of the written down amount, it is recognised in the Income Statement. The process of estimating the amount and timing of future cash flows involves considerable management judgement. These judgements are reviewed at least monthly to reduce any differences between loss estimates and actual loss experience.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

When a loan is known to be uncollectable, the loan is written off directly to the Income Statement, and the related provision for loan impairment is adjusted accordingly. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount is recognised in the Income Statement as a reversal of the impairment charge for credit losses.

Collective provisions
In response to conditions in the global and local credit and property markets and the associated uncertainty in respect of expectations regarding the repayment of the Group's mortgage loans and underlying security values, the Group has considered it appropriate to introduce collective provisioning for mortgage loans with similar credit risk characteristics where individual impairment losses have not been recognised.

Where loans are not assessed as individually impaired, they are classified into groups of loans with similar credit risk characteristics and collectively assessed for impairment. Collective impairment provisions are based on historical loss experience adjusted where appropriate for current observable data. The amount necessary to bring the collective impairment provision to its assessed levels, after write-offs, is charged to the Income Statement.

(ii) Other assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Any resultant write-down is recognised as an expense in the reporting period in which it occurs, unless the asset had previously been re-valued, in which case the previous revaluation is written back with any excess being expensed.

The recoverable amount is the higher of an asset's fair value, less direct selling costs, and its value in use. In assessing the value in use of assets, the relevant cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable operational cash flows (cash generating units).

(n) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Preference shares

The Preference Shares do not exhibit the characteristics of debt in their terms of issue, repayment, or dividend payment and are therefore classified as equity.

3 Significant Accounting Policies - continued

(o) Provisions

A provision is recognised when:

(i) the Group has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of economic benefits will be required to settle the obligation; and
(iii) the amount can be reliably estimated.

The provision is estimated by discounting expected future payments using interest rates on government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The policy and method of establishing provisions for the impairment of mortgage loans is described in note 3 (m) (i).

Where the Group enters into financial arrangements to provide financial support, the Group considers these to be insurance arrangements or financial guarantees, as applicable. The Group treats the insurance arrangements as contingent liabilities until such times as it becomes probable that the Group will incur losses under the insurance arrangements. Financial guarantees are recognised at fair values, determined using cash flow forecasts to determine whether losses related to the indemnities have been incurred.

(p) Employee benefits

(i) Post employment benefits

The Company and Group contribute to both defined contribution and defined benefit superannuation funds. Contributions are charged to the Income Statement as the obligation to pay is incurred. Contributions outstanding at reporting date are treated as liabilities and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined contribution funds, the Company and Group pay contributions to publicly or privately administered pension insurance funds on a mandatory, contractual or voluntary bases. The Company's and Group's legal or constructive obligation is limited to these contributions. The defined benefit funds provide defined pension annuities and lump sum benefits based on years of service and final average salary.

The asset and liability recognised in the balance sheet in respect of defined benefit funds is the lower of:

- the present value of the defined benefit obligation at the Balance Sheet date less the fair value of fund assets, together with adjustments for unrecognised actuarial gains or losses and past service costs; and
- the total of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the fund or reductions in future contributions to the fund.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity through the Statement of Recognised Income and Expense. Past service costs are recognised immediately in the Income Statement.

In the financial statements for periods beginning before 1 July 2008, the Company and Group recognised actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in the Income statement. This change in accounting policy has been made to enable the financial statements of the Company and Group to be more comparable to industry peers and better represent the Company's and Group's underlying financial performance.

The change in accounting policy was applied retrospectively in accordance with the accounting standards, and comparatives have been restated. The change in accounting policy had the following impact on these Parent and Consolidated financial statements:

	2009	2008
	$000	$000
Income Statement		
Decrease in operating expenses	(2,552)	(2,271)
Increase in profit for the year, net of tax	2,312	2,022
Statement of Recognised Income and Expense		
Actuarial gains/(losses) on defined benefit funds	(2,552)	(2,271)
Increase in expense recognised directly in equity, net of tax	2,312	2,022

(ii) Share-based compensation plans

The Company and Group participate in two equity-settled, share-based compensation plans, being the Exempt Employee Share Plan ("EESP") and Executive Performance Share Plan ("EPSP").

Immediately vesting compensation

Shares granted under the Exempt Employee Share Plan vest immediately at grant date. Although the value paid to each employee is determined by a cash amount, the payment is made in shares (with no cash alternative) and is therefore treated as a share-based payment transaction. Each employee who receives an offer with respect to the shares pays consideration of $1.

3 Significant Accounting Policies - continued

(q) Employee benefits - continued

The total expected cost is recognised in the income statement during the financial year the services are rendered. The total expected cost is determined by considering the expected amount per person (the fair value) and non-market factors such as eligibility requirements and staff attrition rates.

Future vesting compensation

Shares granted under the Executive Performance Share Plan ("EPSP") vest over a pre-determined period from grant date which is generally three years. The value of these long term incentives is recognised as an expense in the income statement on a straight line basis over the vesting period.

The value is calculated as: fair value at grant date x expected number of shares to be granted.

Where shares do not eventually vest, the treatment of the previously recognised expense depends upon the reason the shares did not vest:
- if a non-market condition is not satisfied (e.g. an unfulfilled service period) the expense is reversed in the income statement in the period when the condition was not satisfied;
- if a market condition is not satisfied (e.g. Total Shareholder Return not being achieved) the expense is not reversed.

Fair value: The fair value of the shares is the market price of the shares adjusted for the terms and conditions upon which the shares were granted. This is measured using a Monte-Carlo simulation. Once determined, fair value does not change throughout the vesting period unless the terms and conditions of the grant are modified.

Number of shares: The number of shares reflects the best estimate of shares expected to vest at the end of the vesting period and this estimate is revised if indicated by subsequent information. Non-market conditions (e.g. fulfilment of service period) are taken into account when determining this best estimate, whilst market conditions are not. If shares do eventually vest, any unamortised balance is expensed at the end of the vesting period.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The consolidated entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to and accepted by an employee in respect of redundancy. The termination benefits are only recognised when the employee accepts the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iv) Wages, salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured at the amounts expected to be paid when the liabilities are settled.

(v) Long service leave

A liability for long service leave is recognised, and is measured at the value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(r) 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 period but not distributed at balance date.

(s) Principles of life insurance business

The life insurance operations of the Group comprise the selling and administration of life insurance and life investment contracts.

Life insurance contracts

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness. The insured benefit is either not linked or only partly linked to the market value of the investments held by the entity, and the financial risks are substantially borne by the entity.

The insurance operations of the Group are conducted within separate Funds as required by the relevant local laws and regulations, and are reported in aggregate within the Shareholders' Funds in the income statement, balance sheet and statement of cash flows of the Group.

3 Significant Accounting Policies - continued

(s) Principles of life insurance business (continued)

Life investment contracts
Life investment contracts are all contracts that do not involve the acceptance of significant insurance risk. They include investment-linked contracts where the benefit amount is directly linked to the market value of the investment held in the particular investment-linked fund. While the underlying assets are registered in the name of the entity and the investment-linked policy owner has no direct access to the specific assets, the contractual arrangements are such that the investment-linked policyholder bears the risks and rewards of the fund's investment performance. The Group derives fee income from the administration of investment-linked policies and funds.

Policy contracts that include both investment and insurance elements are separated into these two elements when practicable and when components can be reliably measured, and reported accordingly.

(t) Premium revenue

Premiums are separated into their revenue and deposit business components. Premium revenues with regular due dates are recognised as revenue on an accrual basis. Premium revenues with no due date are recognised as revenue on a cash received 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 receivables in the balance sheet.

(u) Fee income and investment revenue

Fee income is recognised as revenue in the accounting periods in which the services are performed.

Amounts receivable in respect of the indemnity provided to compensate for capital and interest losses in the controlled entity GTFM Mortgage Fund are recognised as sundry investment income as the losses are identified.

Interest and other revenues are recognised on an accrual basis as being due up to the end of each accounting period.

Interest income on mortgage loans is recognised using the effective interest rate method.
(The effective interest rate method uses the effective interest rate to allocate interest income and expense over the relevant accounting period for the financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial instrument, or when appropriate, a shorter period to the net carrying amount of the financial asset or liability).

Dividends are recognised when the share price has been declared ex dividend.

(v) Claims Expense

Incurred claims are recognised as expenses in the income statement. Claims are recognised in the income statement when the Group is notified of the insured event and the liability to the policyholder under the contract has been established.

(w) Policy liabilities

Determination of policy liabilities
Liabilities to policyholders in the balance sheet are measured on the Margin on Services basis ("MoS") in accordance with New Zealand Society of Actuaries Professional Standard 3, "Determination of Life Insurance Policy Liabilities." The increase/(decrease) in policy liabilities in the income statement is also calculated on a MoS basis.

Life insurance policy liabilities

Policy liabilities, arising from life insurance contracts, are measured at the net present value of estimated future cash flows in accordance with the Professional Standard 3, "Determination of Life Insurance Policy Liabilities" issued by the New Zealand Society of Actuaries. Policy liabilities are remeasured periodically and changes are recognised in the income statement in a manner that allows for the systematic release of planned margins over a period that reflects the services provided to, and premiums received from, the policyholders.

Expected future cash flows are reviewed to establish the present value of estimated future expenses for the group of related products against the present value of estimated future revenues to test the adequacy of the policy liabilities.

The significant assumptions applied in calculating these estimates and the process and methodology used for determining these assumptions are included in Note 5.

Life investment policy liabilities
Policy liabilities, arising from life investment contracts, are designated at fair value through the income statement, which is based on the valuation of the linked assets, subject to a minimum of current surrender value.

3 Significant Accounting Policies - continued

(x) Deferred acquisition costs

Life insurance contracts
The costs incurred in acquiring specific life insurance contracts include adviser fees, commission payments, underwriting costs, application processing costs, relevant advertising costs, and promotion of products and related activities.

Life acquisition costs are deferred provided that these amounts are recoverable out of future profit margins.

The deferred amounts are recognised in the balance sheet as a reduction in policy liabilities and are released through the income statement over the expected duration of the relevant policies.

Life investment contracts
Acquisition costs are expensed as incurred as amounts are not considered material to be deferred and recognised over the periods of the contracts.

(y) Basis of expense apportionments

Expenses are incurred in relation to the acquisition and maintenance of life insurance and life investment contracts, in addition to expenses incurred with respect to investment management and other administrative activities. Acquisition costs are the fixed and variable costs of acquiring new business, including commissions and similar distribution costs and costs of accepting, issuing and initially recording policies. Investment management costs include the costs involved with buying and selling investments and the ongoing management costs of an investment portfolio. All other expenses are considered to be maintenance costs incurred to administer existing life insurance and life investment contracts.

Expenses of the Company are either:

Direct costs i.e. where they are directly attributable to life insurance and life investment products.

Indirect costs i.e. all other expenses relating to the acquisition, maintenance and investment management activities associated with life insurance and life investment contracts which are booked in cost centres and have been incurred in relation to more than one business activity.

(z) Reinsurance

(i) Outwards reinsurance premium expense

Where portions of the policy are reinsured, the ceded premiums are recognised in the income statement as reinsurance premium expense. Premiums ceded to reinsurers are recognised as expenses in accordance with the pattern of gross premium received, being for facultative, proportional and non-proportional reinsurance.

(ii) Reinsurance recoveries

Policy claims recoverable from reinsurers are recognised as revenue in line with recognition of the claim expense (or upon notification of the insured event).

4 Critical Accounting Estimates and Judgements

Significant estimates and judgements are made by the Group to arrive at certain key asset and liability amounts disclosed in the financial statements. These estimates and judgements are continually being evaluated and are based on historical experience as well as new enhancements to actuarial modelling techniques.

The key areas of significant estimates and judgement and the methodologies used to determine key assumptions are set out below.

(a) Uncertainty over valuation of life insurance policy liabilities

Policy liabilities arising from life insurance contracts are computed at each reporting date using statistical and mathematical methods. The valuations are prepared by suitably qualified personnel on the basis of recognised actuarial methods and with due regard to the actuarial principles laid down in actuarial standards and guidance. The methodology takes into account the risks and uncertainties of the particular classes of business written.

The key factors that affect the estimation of these liabilities are:

- The cost of providing benefits and administering these insurance contracts;
- Mortality and morbidity experience on individual and group life insurance products; including enhancements to benefits to policyholders and other amounts arising from regulatory interventions;
- Persistency experience, which affects the Group's ability to recover the cost of acquiring new business over the lives of the contracts;
- In addition, factors such as regulation, competition, interest rates, taxes, the performance of the capital markets and general economic conditions affect the level of these liabilities.

The uncertainties surrounding these assumptions means that it is likely that the actual observed claims incidence will vary from the liability estimated at the reporting date.

See Note 5 for more detail on the valuation of the policy liabilities and the assumptions applied.

(b) Assets arising from reinsurance contracts

Assets arising from reinsurance contracts are also computed using the above methods. In addition, the recoverability of these assets is assessed on a periodic basis to ensure that the balance is reflective of the amounts that will ultimately be received, taking into consideration factors such as counterparty and credit risk. Impairment is recognised where there is objective evidence that the Group may not receive amounts due to it and these amounts can be reliably measured.

(c) Fair value of investment contracts

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and calibrated to ensure that outputs reflect actual data and comparative market prices. A variety of factors are considered in the Group's valuation techniques, including time value, credit risk (both own and counterparty), volatility factors (including policyholder behaviour), servicing costs and activity in similar instruments. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For example, to the extent that the actual expected surrenders are different from management's estimates, additional fair value gains or losses would have been recognised in the fair value of liabilities associated with investment contracts.

(d) Pension and post-retirement benefits

The cost of these benefits and the present value of the pension and other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each financial period, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations.

In determining the appropriate discount rate, the Group considered interest rates of government guaranteed securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for the pension and post-retirement benefit costs and credits are based in part on current market conditions.

Additional information is disclosed in Note 17.

4 Critical accounting estimates and judgements (continued)

(e) Impairment of mortgage loans

Mortgage loan portfolios are reviewed to assess impairment. In determining whether an impairment loss should be recorded in the Income Statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of mortgage loans before the decrease is incurred on an individual mortgage loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or notional or local economic conditions that correlate with defaults on assets in the group. Mortgage portfolios are managed by The New Zealand Guardian Trust Company Limited (Guardian Trust), a fellow subsidiary. The Executive Management Team of Guardian Trust uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(f) Maturity profile of mortgage loan portfolio

The contractual maturity date of the mortgage loan portfolio has been used to generate the loan maturity profile presented in Note 6. At the current time a number of borrowers are electing to repay their loans before maturity date. However in the current economic environment it is inevitable that some borrowers will not be able to repay their loans on maturity date. The expected maturity profile has not been adjusted to take account of these uncertain factors that will impact on mortgage loan repayments in the future.

(g) Uncertainties - Property market and timing of repayments

At this current time the deterioration of the property market and wide spread uncertainty around borrowers' abilities to meet their future obligations may lead to further impairment or delay in the expected repayment of the Group's mortgage loans. The uncertainty as to the outcome of these matters could lead to further impairment in the carrying value of the Group's mortgage loans. The Group is unable to quantify the potential effect of this uncertainty however the collective provision provided in these financial statements is management's best estimate of these potential future losses.

5 Actuarial Assumptions and Methods

a) Life insurance and investment contracts

(i) Actuarial policies and methods

The effective date of the actuarial valuation of policy liabilities and solvency requirements is 30 June 2009. The actuarial valuation was prepared by John Smeed FIA, FNZSA (Company Actuary). The Company Actuary is satisfied as to the accuracy of the data upon which policy liabilities have been determined.

Policy liabilities for life insurance contracts 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.

Policy liabilities for life investment contracts are determined as the fair value of the financial instrument.

(ii) Disclosure of assumptions

The valuations included in the reported results are calculated using assumptions about certain key underlying variables. The assumptions are determined by the Company Actuary based on the results of annual investigations into the experience of the Group's in force business, industry experience data and data provided by the group's reinsurers.

Policy liabilities in New Zealand have been calculated in accordance with Professional Standard 3, "Determination of Life Insurance Policy Liabilities" issued by the New Zealand Society of Actuaries.

The actuarial standards require the policy liabilities for life insurance contracts to be calculated in a way which allows for the systematic release of planned margins as services are provided to policy owners. Policy liabilities for investment contracts are calculated as the fair value of the liability.

The profit carriers used and the method of valuation applied for the major product groups in order to achieve the systematic release of planned margins are as follows:

Product group	Method	Profit carrier
Traditional non-participating business, term insurance	Projection	Claims payments
Lump sum risk payments	Projection	Claims
Traditional participating business	Projection	Bonuses
Disability business	Projection	Claims payments
Annuity	Projection	Annuity payments

Actuarial assumptions

(a) Discount rates

Where the value of benefits under a life insurance contract is not contractually linked to the performance of the assets held, a risk-free discount rate derived from the 10-year inter-bank swap rate+B160 is used to determine the present value of the liabilities. A discount rate based on the market return on the backing assets is applied where the value of benefits are contractually linked to the performance of the assets.

The risk free discount rate applied for all life insurance business, with the exception of contracts with discretionary participating features, are derived from the 10-year inter-bank swap rate. The gross discount rate before tax and investment expenses was 6.0% in 2009 (2008: 7.3%).

The discount rate for business with discretionary participating features is based on the market yield on backing assets. This yield was 8.0% in 2009 (2008: 8.2%) gross of tax and investment expenses.

(b) Inflation

Allowance for future inflation of 2.5% per annum (2008: 2.5%) is assumed. This level is consistent with long term expectations.

5 Actuarial Assumptions and Methods

(a) Life insurance and investment contracts - continued

Actuarial assumptions - continued

(c) Future expenses and indexation

Future investment expenses have been assumed to be at the same percentage of assets under management as currently applies to the actual assets backing the liabilities. Future maintenance expenses per policy have been assumed at current levels increased by the rate of inflation set out above. For contracts which provide for the increase of future benefits in line with inflation, the benefit indexation rate has been assumed to be 2.5% per annum (2008: 2.5%). It is further assumed that the benefit indexation will be taken up by a percentage, determined in line with the Group's recent experience, of the eligible policyholders.

(d) Rates of taxation

Rates of taxation have been assumed in the future to remain at levels effective from 1 July 2009 (2008: rates effective from 1 July 2008).

(e) Asset mix

The assumptions regarding asset mix are based on the target mix of assets.

(f) Mortality and morbidity

Mortality rates for risk products, which vary by sex, age and smoking status, have been based on the Group's recent experience. Further adjustments are applied for direct marketing products and for some closed products on the observed experience for this business. The rates shown in the following table are aggregate rates before smoker/non-smoker adjustments.

	30 June 2009	30 June 2008
Males	95% IA9597	95% IA9597
Females	95% IA9597	95% IA9597

IA9597 are the Graduated Mortality Tables IA95-97 issued by The Institute of Actuaries of Australia.

Mortality rates for some direct marketed products are based on NZ population mortality tables and have been set at 75%-90% NZ9092 (2008: 75%-90%) for males and 70%-90% NZ9092 (2008: 70%-90%) for females.

Annuitant mortality rates, which vary by age and sex, have been based on industry experience. They are set at 70% (2008: 72%) of the IM80 and IF80 UK tables of the immediate annuity tables published by The Institute of Actuaries allowing for future mortality improvement.

(g) Disability

Disability income benefit incidence and termination rates were based on the graduated morbidity (IAD) tables for disability income business published by the Institute of Actuaries of Australia. In each case the rates were adjusted by factors dependent on New Zealand industry experience, Group experience and the nature of benefits. Claim incidence and termination rates are as shown below:

Incidence between 46% and 134% IAD89-93	2008: Incidence between 39% and 132% IAD89-93
Termination between 40% and 100% IAD89-93	2008: Termination between 45% and 100% IAD89-93

Claim rates for lump sum disability benefits were based on various tables reflecting New Zealand and Australian experience, adjusted by factors dependent on Group experience and the nature of benefits.

(h) Voluntary discontinuance

Future rates of discontinuance for the major classes of business assumed, varied by duration and class of business, were in the order of:

	30 June 2009	30 June 2008
Class of Business:		
Lump sum risk	8-20%	6-16%
Disability income	8-25%	9-18%
Conventional	3%	3%

Higher discontinuances are assumed for policyholders aged over 64.
Higher discontinuances are assumed where premium rates have recently been increased.

5 Actuarial Assumptions and Methods

(a) Life insurance and investment contracts - continued

Actuarial assumptions - continued

(i) Surrender values

Surrender values have been based on current practice. No change from last year.

(j) Bonuses

Future bonuses in policy liabilities are those supported by the supporting assets together with the current premium rates and other assumptions. No change from last year.

Bonus rates and interest crediting rates are reviewed at least once a year after taking into consideration the investment experience of the underlying assets, other experience of the business such as experience on lapse and mortality, the reasonable expectation of the policyholders and equity among different lines of products. The actual bonus rates and interest crediting rates declared may include a certain degree of smoothing. Terminal bonus rates vary by duration and product lines.

(k) Future participating benefits

For participating business, the Group's policy is to set reversionary bonus rates such that over long periods together with terminal bonuses where applied, the returns to policy owners are commensurate with the investment returns achieved on relevant assets, together with other sources of profit arising from this business. Distributions are split between policy owners and shareholders with the valuation allowing for shareholders to share in distributions up to the maximum allowable rate of 20%. In applying the policy owners' share of retained profits to provide bonuses, consideration is given to equity between generations of policy owners and equity between the various classes in force.

Processes used to select assumptions

An explanation of the methods used to determine the individual applied assumptions is described below.

(a) Mortality and morbidity

An appropriate base table of mortality is chosen for the type of product being written. An investigation into the actual experience of the Group is performed and statistical methods are used to adjust the rates reflected in the table to a best estimate of expected mortality based on the investigation results and industry benchmarks. A similar process is adopted for morbidity.

(b) Lapse

An investigation into the actual experience of the Group is performed and statistical methods are used to determine an appropriate lapse rate. Allowance is made for any trends in the data to arrive at a best estimate of future lapse rates.

(c) Discount rate

Where benefits under life insurance and investment contracts are not contractually linked to the performance of the assets held, the policy liabilities are discounted for the time value of money using risk-free discount rates based on current observable, objective rates that relate to the nature, structure and term of the future obligations.

The equity rate of return is assumed to be 4.5% (2008: 4.5%) in New Zealand above the 10-year zero-coupon Government Bond yield, i.e. 11.1% (2008: 11.0%).

(d) Expense level and inflation

The current level of expenses is taken as an appropriate expense base. Expense inflation is assumed to be 2.5% (2008: 2.5%).

(e) Tax

It has been assumed that current tax legislation and rates continue unaltered.

5 Actuarial Assumptions and Methods

(a) Life insurance and investment contracts - continued

Actuarial assumptions - continued

Effects of changes in actuarial assumptions from 30 June 2008 to 30 June 2009

Assumption category	Effect on Future Profit Margin increase/(decrease) $000	Effect on Policy Liability increase/(decrease) $000
Discount rates (risk business)	-	(7,769)
Discount rates (participating business)	(215)	-
Mortality and morbidity	5,796	273
Lapse and surrender rates	(14,436)	-
Maintenance expenses	919	(101)
Total	**(7,936)**	**(7,597)**

(b) Sensitivity analysis

Life insurance and investment contracts are affected by the same subset of variables (mainly arising from financial risks and risks associated with events in human life like death or disease) and as a result are presented together in this note.

Impact of changes in assumptions

The tables below illustrate the sensitivity of reported profit or loss to changes in assumptions that have a material effect on it.

		30 June 2009 Profit/(loss)	
Variable	Change in variable	Gross of reinsurance $000	Net of reinsurance $000
Change in mortality & morbidity	+10%	(1,460)	(1,460)
	-10%	1,460	1,460
Change in lapse rate	+10%	-	-
	-10%	-	-
Change of expense assumption	+10%	(60)	(60)
	-10%	60	60

		30 June 2008 Profit/(loss)	
Variable	Change in variable	Gross of reinsurance $000	Net of reinsurance $000
Change in mortality & morbidity	+10%	(1,360)	(1,360)
	-10%	1,360	1,360
Change in lapse rate	+10%	-	-
	-10%	-	-
Change of expense assumption	+10%	(60)	(60)
	-10%	60	60

6 Risk Management

The Group's financial condition and operating activities are affected by a number of key financial risks (interest rate risk, currency risk, credit risk, market risk, liquidity risk, insurance risk and fiscal risk) and non-financial risks (compliance risk and operational risk). The Group has implemented a detailed risk management programme to identify and mitigate those risks.

(a) Company and Group risk management roles and responsibilities

The Suncorp-Metway Group has a Risk Manager and a Compliance Manager who have the ultimate management responsibility for risk, compliance and related issues within the Suncorp-Metway Group.

The Group's executive management team is responsible for implementing and assessing the effectiveness of risk management strategies and internal controls across the Group in accordance with risk management policies and procedures covering risk identification, rating, assessment, treatment and ongoing management (including reporting).

The Managing Director of Asteron Life Limited has the ultimate management responsibility for risk, compliance and related issues within the Group and is supported by the following functions:

The Asteron Risk and Compliance Function

Risk and compliance personnel support the business units in developing, implementing and maintaining a suitable and effective risk management framework for the Group that includes the operational activity of each business unit.

The Asteron Risk and Compliance Team
Facilitates and co-ordinates the consistent risk management and regulatory compliance functions across the Group with entity wide risk management framework policies, including monitoring and reporting.

Internal Audit

Provides independent assurance to senior management and Directors regarding the adequacy of controls over perceived higher risks of the Group.

(b) Insurance risk - life insurance activities

The life insurance and investment activities of the Group are concerned with the pricing, acceptance and management of the mortality and morbidity risks of policyholders, integrated to a varying extent with the provision of effective wealth management products that attempt to match their investment risk and reward objectives.

(i) Risk management objectives and policies for mitigating life insurance risk

In compliance with contractual and regulatory requirements, the risks underwritten by the Group are actively managed to ensure they satisfy policyholders' risk and reward objectives and do not adversely affect the Group's ability to pay benefits and claims when due. Compliance and operational risks are controlled and monitored to maintain the efficiency of the Group as well as to manage the risk of non-compliance.

Underwriting procedures
The type and nature of life insurance risk accepted is determined by reference to underwriting procedures detailed in the Group's underwriting manual that includes limits to delegated authority and signing powers.

Portfolio of Risks
The Group writes insurance policies covering mortality and morbidity risks. The performance of the Group and its ability to write business depends on its ability to manage this risk exposure. The Group has a risk strategy approved by the Company's Board, which summarises the Group's approach to risk and risk management.

Capital allocation and solvency requirements
Capital requirements are measured by reference to the New Zealand and Australian actuarial professional standards with which the Group is obliged to comply.

Solvency
Solvency margin requirements established by New Zealand and Australian actuarial professional standards are in place to reinforce safeguards for policyholders' interests, being primarily the ability to meet future claims payments. The solvency margins measure the excess of the value of the insurers' assets over the value of its liabilities, each element being determined in accordance with the applicable valuation rules. This margin must be maintained throughout the period, not just at the period end. These solvency requirements also take into account specific risks faced by the Group. Where the outcome of specific adverse scenarios differs from expectations, this has also been identified.

Monitoring of life insurance risk
Under the Group's internal reporting system, the financial and operating results, mortality and morbidity experience, claims frequency, persistency and expenses are monitored quarterly against budget projections from actuarial models. In addition, detailed annual investigations are performed into the mortality, morbidity and persistency experience of the life funds.

Claims management procedures
Strict claims management procedures ensure the timely and correct payment of claims in accordance with policy conditions.

6 Risk Management - continued

(b) Insurance risk - life insurance activities - continued

(ii) Methods to limit or transfer life insurance risk exposures

Ceding of risk and reinsurance security
The Group purchases reinsurance to manage exposure to accepted insurance risk. The level of reinsurance cover has historically been high relative to the size of the Group's life insurance portfolio.

Interest rate risk arising from life insurance contracts

Some of the life insurance and investment product groups are interest sensitive. These contribute to the Group's result primarily from the spread between investment income received and interest credited to policyholder accounts, which may be a guaranteed rate of return for certain products. The Group strives to maintain this spread by adjusting the interest-crediting rates at contractually specified intervals. The Group's ability to adjust interest-crediting rates may be constrained by competitive forces and minimum guaranteed crediting rates, if any.

(iii) Concentration of risk

The Group writes a mixture of insurance business providing mortality, morbidity and annuity benefit payments. The mix of business is monitored and managed to avoid inappropriate concentrations of risk.

Concentrations of risk based on individual lives are managed through the use of surplus reinsurance arrangements whereby the Group's maximum exposure to any individual life is capped.

Concentrations of risk by product type are managed through monitoring the Group's in force life insurance business and the mix of new business written each period.

A product pricing and re-rating process ensures that any cross subsidies between insurance rates for groups of policyholders of different sex and age are minimised such that profitability is not materially impacted by changes to the age and sex profile of the in force business.

(iv) Terms and conditions of life insurance contracts

The nature of the terms of the life insurance contracts written is such that certain external variables can be identified on which related cash flows for claim payments depend.

The table below provides an overview of the key variables on which the timing and uncertainty of future cash flows of the various life insurance and investment contracts issued by the Group depend:

Type of contract	Details of contract workings	Nature of compensation for claims	Key variables affecting future cash flows
Long term non-participating life insurance contracts with fixed and guaranteed terms. (Term and Life Disability)	Guaranteed benefits paid on death, ill health or maturity benefits are fixed and guaranteed and not at the discretion of the insurer.	Benefits, defined by the insurance contract, are not directly affected by the performance of underlying assets or the performance of the contracts as a whole.	Mortality, morbidity, market interest rates, lapses and expenses.
Long term insurance contracts with discretionary participating benefits. (Endowment and Whole of Life)	These policies include a defined initial guaranteed sum assured which is payable on death. The guaranteed amount increases throughout the duration of the policy by the addition of regular bonuses annually which, once added, are not removed.	Benefits arising from the discretionary participation feature are based on the performance of specified pool of contracts or a specified type of contract.	Mortality, morbidity, market earning interest rates, lapses and expenses.
Non-discretionary participating investment contracts without guaranteed returns	The gross value of premiums received is invested in units and the investment account is the value of the units. Investment management fees are deducted from policyholders annually based on the average value of funds under management.	The investment return is equal to the earnings on assets backing the investment contracts less any applicable management fees.	Market risk, interest rates and expenses.

6 Risk Management - continued

(c) Financial risk

The Group is exposed to a number of forms of financial risk, the most significant being market, credit, and liquidity risk. The impact of these risks on the consolidated entity's life insurance business has been discussed in the preceding sections. This section provides an explanation of the other aspects to which the Group is affected by financial risks.

(i) Market risk

The Group takes on exposure to market risks including currency risk, fair value and cashflow interest rate risk, and price risk. Market risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The market risks that the Group primarily faces are equity risk and interest rate risk due to the nature of its investments and liabilities.

For all the assets backing life insurance contracts that are sensitive to equity risk, the Group has developed investment guidelines to manage the entity's exposure to equity price risk primarily by setting benchmarks for asset mix.

Investment activity for the Group is undertaken in accordance with investment mandates established by the Directors of the Company. The mandates stipulate the investment allocation mix, the match of investment assets and liabilities and the use of derivatives.

The Group monitors the sensitivity of reported profit to market risk by assessing the expected change in the values of assets which would affect the profit as follows:

For investment linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to risk in those assets. The assets that back the unit linked liabilities are therefore not included in the tables shown below.

The following table shows the sensitivity to movements in the value of the equity assets to which the Group is exposed:

Group			*Movement*	*2009*		*2008*	
Market Pricing Risk	**Exposure at 30 June 2009 $000**	**Exposure at 30 June 2008 $000**	**in variable % 2009/2008**	**Profit (Loss) $000**	**Equity $000**	**Profit (Loss) $000**	**Equity $000**
Australian equities	7,514	13,910	+25/+10	1,315	1,315	974	974
			-25/-10	(1,315)	(1,315)	(974)	(974)
International equities	15,107	18,328	+25/+10	2,644	2,644	1,283	1,283
			-25/-10	(2,644)	(2,644)	(1,283)	(1,283)
NZ Equities	113,336	113,994	+25/+10	19,834	19,834	7,980	7,980
			-25/-10	(19,834)	(19,834)	(7,980)	(7,980)
	135,958	146,232					

For the Group's mortgage assets market risk arises from open positions in interest rates and exposure to the property market, which is exposed to general and specific market movements. The Group only advances first registered securities up to 60% and 67% of the registered value of the property in the commercial and residential lending sectors respectively. Therefore a 10% market movement in the original security valuation for performing mortgage loans would not have a material impact on the value of the Group.

At this current time the deterioration of the property market and wide spread uncertainty around borrowers' abilities to meet their future obligations may lead to further impairment or delay in the expected repayment of the Group's mortgage loans. The uncertainty as to the outcome of these matters could lead to further impairment in the carrying value of the Group's impaired mortgage loans. The Group's management is unable to quantify the potential impact of this uncertainty however the collective provision represents management's best estimate at balance date.

As part of the management of market risk, investment activity is undertaken in accordance with the authorised investments set out in the Trust Deed of the mortgage fund subsidiary of the Group.

(ii) Liquidity risk

The Group is exposed to daily calls on its available cash resources from maturing policies and policy claims and surrenders. Liquidity risk is the risk that payment of obligations may not be met in a timely manner at a reasonable cost. The Directors set limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders at unexpected levels of demand.

Liquidity Risk: contractual maturity profile

Group	1 year or less $000	1 to 5 years $000	Over 5 years $000	No term $000	Investment contracts $000	Total $000
2009						
Amounts due to reinsurers	1,972	-	-	-	-	1,972
Trade creditors and accrued expenses	4,795	-	-	-	-	4,795
Investment settlements	138	-	-	-	-	138
Outstanding claims liabilities	19,498	-	-	48,429	-	67,927
Deposits and short term borrowings	158,700	-	-	-	-	158,700
Other	2,977	-	-	-	-	2,977
Insurance contract policy liabilities	464	2,838	4,703	-		8,005
Investment contract policy liabilities	-	-	-	-	246,384	246,384
Unvested policy owner benefits	-	-	16,366	-	-	16,366
	188,544	2,838	21,069	48,429	246,384	507,264

6 Risk Management - continued

(c) Financial risk - continued

Liquidity Risk: contractual maturity profile

Group	1 year or less	1 to 5 years	Over 5 years	No term	Investment contracts	Total
	$000	$000	$000	$000	$000	$000
2008						
Amounts due to reinsurers	4,521	-	-	-	-	4,521
Trade creditors and accrued expenses	5,769	-	-	-	-	5,769
Investment settlements	112	-	-	-	-	112
Outstanding claims liabilities	12,429	-	-	44,721	-	57,150
Deposits and short term borrowings	154,743	-	-	-	-	154,743
Other	492	-	-	-	-	492
Insurance contract policy liabilities	2,515	13,918	30,496			46,929
Investment contract policy liabilities	-	-	-		309,484	309,484
Unvested policy owner benefits	-	-	-	17,340	-	17,340
	180,581	13,918	30,496	62,061	309,484	596,540

For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any risk in those assets.

Liquidity Risk: contractual maturity profile

Parent entity	1 year or less	1 to 5 years	Over 5 years	No term	Investment contracts	Total
	$000	$000	$000	$000	$000	$000
2009						
Amounts due to reinsurers	1,972	-	-	-	-	1,972
Trade creditors and accrued expenses	4,897	-	-	-	-	4,897
Investment settlements	189	-	-	-	-	189
Outstanding claims liabilities	19,498	-	-	48,429	-	67,927
Deposits and short term borrowings	-	-	-	-	-	-
Other	1,040	-	-	-	-	1,040
Insurance contract policy liabilities	464	2,838	4,703	-	-	8,005
Investment contract policy liabilities	-	-	-	-	246,384	246,384
Unvested policy owner benefits	-	-	16,366	-	-	16,366
	28,060	2,838	21,069	48,429	246,384	346,780

Liquidity Risk: contractual maturity profile

Parent entity	1 year or less	1 to 5 years	Over 5 years	No term	Investment contracts	Total
	$000	$000	$000	$000	$000	$000
2008						
Amounts due to reinsurers	4,521	-	-	-	-	4,521
Trade creditors and accrued expenses	5,769	-	-	-	-	5,769
Investment settlements	112	-	-	-	-	112
Outstanding claims liabilities	12,429	-	-	44,721	-	57,150
Deposits and short term borrowings	54,743	-	-	-	-	54,743
Other	492	-	-	-	-	492
Insurance contract policy liabilities	2,515	13,918	30,496			46,929
Investment contract policy liabilities	-	-	-		309,484	309,484
Unvested policy owner benefits	-	-	-	17,340	-	17,340
	80,581	13,918	30,496	62,061	309,484	496,540

For investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any risk in those assets.

In addition GTFM Mortgage Fund ("the Fund") has specific liquidity risk in respect of its mortgage loan assets and its borrowings as follows:

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due. Under the terms of the ANZ National Bank Limited loan facility agreement all cash generated by the Fund must be applied to servicing and repaying the loan facility. Until such time as the loan facility is fully repaid, Unit Holders are not able to withdraw their investments in the Fund.

Liquidity risk is high for the Fund due to the long term nature of the investments held by the Fund, namely mortgages.

The Manager, The New Zealand Guardian Trust Company Limited ("NZGT") manages the liquidity risk of the Fund by preparing expected cash flow forecasts based on the expected maturity analysis for financial assets and liabilities. Expected cash flows on financial assets and liabilities may vary from their contractual maturity. For example, mortgage loans may be repaid early or extended subject to the normal credit approval process. Expected cash flows include future interest income on mortgage loans and interest expense on borrowings.

6 Risk Management - continued

(c) Financial risk - continued

The following table shows contractual and expected maturity periods for GTFM mortgage loan assets and borrowings.

Cash Flow 30 June 2009	Carrying Value $000	0-30 Days $000	30-60 Days $000	60-90 Days $000	90+ Days $000	Cash Flow Total $000
Contractual cash flow						
Mortgage loans	178,048	52,658	13,033	6,181	106,176	178,048
Borrowings	(158,700)	-	-	(158,700)	-	(158,700)
Expected cash flow						
Mortgage loans	178,048	27,496	13,172	6,324	152,769	199,761
Borrowings	(158,700)	(6,473)	(5,515)	(147,955)	-	(159,943)

(iii) *Interest rate risk*

The consolidated entity manages some of its exposure to interest rate risk by matching assets to the liabilities that they back. Separate asset/liability matching analyses are employed for separate categories of products within each business. Although this natural hedging is not reflected in the accounting policies adopted or in the presentation of the results and balance sheets included in these financial statements, it does mitigate the consolidated entity's exposure to such risk. These matching procedures are not 100% effective. The consolidated entity strikes a balance, mitigating the most significant exposure to interest rate risk while maximising the return to participating policyholders and shareholders by allowing some flexibility to those who manage the investment of the assets. A number of derivatives may be held to enable the matching of asset and liability to further mitigate exposure to interest rate movements.

The substantial proportion of both interest bearing and non-interest bearing assets are investments held in respect of policy liabilities. The management of the risks associated with policy liabilities, including the interest rate risk, is subject to the prudential requirements of the Life Insurance Act 1908. This includes satisfying solvency requirements, which in turn includes consideration of how assets and liabilities are matched.

Details of the parent entity's solvency are disclosed in Note 28.

6 Risk Management - continued

(c) Financial risk - continued

(iii) Interest rate risk (continued)

For investment linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to risk in those assets. The assets that back the unit linked liabilities are therefore not included in the tables shown below.

The following table shows the sensitivity to movements in the underlying interest rates of the interest bearing assets/(liabilities) to which the parent and consolidated entities are exposed:

Interest Rate Risk

Group	Exposure at 30 June 2009 $000	Exposure at 30 June 2008 $000	Movement in variable % 2009/2008	2009 Profit (Loss) $000	2009 Equity $000	2008 Profit (Loss) $000	2008 Equity $000
Cash	8,774	18,066	+2/+1	32	32	80	80
			-2/-1	(32)	(32)	(80)	(80)
Interest bearing investment assets	319,522	354,317	+2/+1	(13,146)	(13,146)	(7,800)	(7,800)
			-2/-1	15,157	15,157	6,870	6,870
Loans, advances and receivables	202,911	191,302	+2/+1	2,630	2,630	1,300	1,300
			-2/-1	(2,630)	(2,630)	(1,300)	(1,300)
Derivative financial instruments	1,012	(137)	+2/+1	-	-	-	-
			-2/-1	-	-	-	-
Financial liabilities - external	(158,700)	(154,743)	+2/+1	(2,222)	(2,222)	(1,083)	(1,083)
			-2/-1	2,222	2,222	1,083	1,083

Parent entity	Exposure at 30 June 2009 $000	Exposure at 30 June 2008 $000	Movement in variable % 2009/2008	2009 Profit (Loss) $000	2009 Equity $000	2008 Profit (Loss) $000	2008 Equity $000
Cash	7,207	12,418	+2/+1	10	10	40	40
			-2/-1	(10)	(10)	(40)	(40)
Interest bearing investment assets	319,206	348,721	+2/+1	(13,136)	(13,136)	(7,760)	(7,760)
			-2/-1	15,147	15,147	6,830	6,830
Loans, advances and receivables	26,616	78,289	+2/+1	68	68	-	-
			-2/-1	(68)	(68)	-	-
Derivative financial instruments	1,012	(37)	+2/+1	-	-	-	-
			-2/-1	-	-	-	-
Financial liabilities - external	-	54,743	+2/+1	-	-	(383)	(383)
			-2/-1	-	-	383	383

The total exposure is shown in the table. However, for investment linked business the liability to policyholders is linked to the performance and value of the assets that back those liabilities, and movements in the variable do not impact the profit or loss.
The shareholder has no direct exposure to any risk in those assets.

In addition the Group's cash flow and fair value interest rate risk arising from its mortgage loan subsidiary is set out below. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes and may reduce losses in the event that unexpected movements arise. The Board of the Manager of the Fund, NZGT sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Mortgage Administration Department for the Fund.

The exposure of the Fund to interest rate risk is set out in the following tables.

GTFM Mortgage Fund	Fixed interest maturing in 1 year or less	1 to 2 years	More than 2 years	Floating interest rate	Non interest bearing	Total
30 June 2009	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets and liabilities exposed to fair value interest rate risk:						
Mortgage Loans	18,077	5,533	-	-	61,199	84,809
Total	**18,077**	**5,533**	**-**	**-**	**61,199**	**84,809**
Financial assets and liabilities exposed to cash flow interest rate risk:						
Mortgage loans	-	-	-	106,154	-	106,154
Borrowings	-	-	-	(158,700)	-	(158,700)
Total	**-**	**-**	**-**	**(52,546)**	**-**	**(52,546)**
Net financial assets and liabilities	**18,077**	**5,533**	**-**	**(52,546)**	**61,199**	**32,263**
Effect of interest rate swaps held for risk management (notional amount)	(22,775)	(2,927)	-	37,338	(11,636)	-
Total	**(4,698)**	**2,606**	**-**	**(15,208)**	**49,563**	**32,263**

6 Risk Management - continued

(d) Currency risk

The Group is exposed to currency risk in that future movements in the New Zealand dollar against currencies of the countries in which foreign investments are held will affect the cash flows and the market values of these investments. The Group also holds certain denominated investments in overseas unit trusts which hold an underlying exposure to other foreign currencies.

The Group has undertaken forward exchange contracts to mitigate this currency risk in respect of some investments denominated in foreign currencies and the underlying foreign currency exposure on some of its investments in overseas unit trusts. The table below shows assets denominated in overseas currencies after allowing for the effect of forward foreign exchange contracts.

For investment linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to risk in those assets. The assets that back the unit linked liabilities are therefore not included in the tables shown below.

The carrying amounts of the Groups's overseas financial assets are denominated in the following currencies:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$000	$000	$000	$000
Overseas financial assets converted to NZ$:				
Australia AUD	15,069	23,075	15,069	23,075
United Kingdom GBP	11,491	16,025	11,491	16,025
Other	2,415	7,340	2,415	7,340
Total	28,975	46,440	28,975	46,440

The profit or loss sensitivity to movements in the currencies is shown in the following table:

Parent and consolidated entities

	Movement	Profit/(loss) after tax		Equity reserves	
	in variable	2009	2008	2009	2008
	%	$000	$000	$000	$000
Overseas financial assets converted to NZ$:					
Australia AUD	+10	1,055	1,615	1,055	1,615
	-10	(1,055)	(1,615)	(1,055)	(1,615)
United Kingdom GBP	+10	804	1,122	804	1,122
	-10	(804)	(1,122)	(804)	(1,122)
Other	+10	169	514	169	514
	-10	(169)	(514)	(169)	(514)

The Group has no foreign currency liabilities (2008: nil).

(e) Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the consolidated entity by failing to discharge an obligation. Credit risk to the consolidated entity arises as a result of placement of reinsurance with counterparties and investment in financial instruments.

Credit risk and its management in relation to life insurance activities is dealt with in the section above on insurance risk.

Financial instruments which potentially subject the consolidated entity to credit risk principally consist of cash, debtors, discounted securities, government and local body securities, sovereign debt, fixed interest securities and mortgage loans.

The Group has no specific concentration of risk with a single counterparty arising from the use of financial instruments in managing its investment portfolios other than normally arise 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 New Zealand.

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.

The consolidated entity has collateral against mortgages in the form of first registered security over the property. Valuations are obtained for the property at the time the lending is approved and generally not updated over the course of the mortgage loan. The lending policy is to lend up to 60% of the market value of the property for commercial lending and up to 67% for residential lending. Information on the carrying value and amounts provided against impaired loans is shown in the table below.

As at 30 June 2009 there were provisions for impaired mortgage assets of $13.1m (30 June 2008 $6.1m).

6 Risk Management - continued

(e) Credit risk - continued

The following table shows the assets exposed to credit risk and the relevant credit rating:

Group

	Credit Rating						
	AAA	AA	A	BBB	Non investment grade	Other Not Rated	Total
	$000	$000	$000	$000	$000	$000	$000
2009							
Cash and cash equivalents	-	1,108	-	-	-	1,171	2,279
Interest bearing financial assets at fair value through profit or loss	90,922	78,719	64,111	6,669	8,414	332	249,167
Loans, advances and other receivables	-	-	-	-	-	187,822	187,822
Reinsurance recoveries receivable	9,689	-	-	-	-	-	9,689
Gross policy liabilities ceded under reinsurance	16,627	-	-	-	-	-	16,627
Derivative financial instruments	-	-	-	-	-	25	25
	117,238	79,827	64,111	6,669	8,414	189,350	465,609
2008							
Cash and cash equivalents	-	12,521	-	-	-	(494)	12,027
Interest bearing financial assets at fair value through profit or loss	141,931	48,829	61,295	8,221	851	9,641	270,768
Loans, advances and other receivables	-	-	-	-	-	185,619	185,619
Reinsurance recoveries receivable	3,880	-	-	-	-	-	3,880
Gross policy liabilities ceded under reinsurance	14,222	-	-	-	-	-	14,222
Derivative financial instruments	-	-	-	-	-	(105)	(105)
	160,033	61,350	61,295	8,221	851	194,661	486,411

Parent entity

	Credit Rating						
	AAA	AA	A	BBB	Non investment grade	Other Not Rated	Total
	$000	$000	$000	$000	$000	$000	$000
2009							
Cash and cash equivalents	-	4,752	-	-	-	1,171	5,923
Interest bearing financial assets at fair value through profit or loss	90,817	78,614	64,006	6,669	8,414	332	248,852
Loans, advances and other receivables	-	-	-	-	-	26,616	26,616
Reinsurance recoveries receivable	9,689	-	-	-	-	-	9,689
Gross policy liabilities ceded under reinsurance	16,627	-	-	-	-	-	16,627
Derivative financial instruments	-	-	-	-	-	1,012	1,012
	117,133	83,366	64,006	6,669	8,414	29,131	308,719
2008							
Cash and cash equivalents	-	6,873	-	-	-	(494)	6,379
Interest bearing financial assets at fair value through profit or loss	140,066	46,964	59,430	8,221	851	9,641	265,173
Loans, advances and other receivables	-	-	-	-	-	78,289	78,289
Reinsurance recoveries receivable	3,880	-	-	-	-	-	3,880
Gross policy liabilities ceded under reinsurance	14,222	-	-	-	-	-	14,222
Derivative financial instruments	-	-	-	-	-	(37)	(37)
	158,168	53,837	59,430	8,221	851	87,399	367,906

For investment linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any credit risk in those assets.
Unit linked assets totalling $84 million (2008: $93 million) are therefore not included in the table above.

The following table shows assets subject to credit risk according to age and impairment:

Group

	Neither past due nor impaired	Past due but not impaired financial assets 0-3 mths	3-6 mths	6-12 mths	> 12 mths	Impaired	Total
	$000	$000	$000	$000	$000	$000	$000
2009							
Premiums outstanding	-	1,031	-	-	-	-	1,031
Investment revenue receivable	387	-	-	-	-	-	387
Investment settlements	5,894	-	-	-	-	-	5,894
Reinsurance recoveries receivable	5,784	2,585	200	551	569	-	9,689
Gross policy liabilities ceded under reinsurance	16,627	-	-	-	-	-	16,627
Mortgage loans	103,480	6,628	6,452	7,924	6,137	51,523	182,144
	132,172	10,244	6,652	8,475	6,706	51,523	215,772
2008							
Premiums outstanding	-	909	-	-	-	-	909
Investment revenue receivable	795	-	-	-	-	-	795
Investment settlements	2,865	-	-	-	-	-	2,865
Reinsurance recoveries receivable	1,780	1,000	100	100	900	-	3,880
Gross policy liabilities ceded under reinsurance	14,222	-	-	-	-	-	14,222
Mortgage loans	138,101	21,575	5,159	-	-	13,821	178,656
	157,763	23,484	5,259	100	900	13,821	201,327

6 *Risk Management - continued*

(e) Credit risk - continued

Parent entity

	Neither past due nor impaired	Past due but not impaired financial assets 0-3 mths	3-6 mths	6-12 mths	> 12 mths	Impaired	Total
	$000	$000	$000	$000	$000	$000	$000
2009							
Premiums outstanding	-	1,031	-	-	-	-	1,031
Investment revenue receivable	387	-	-	-	-	-	387
Investment settlements	5,894	-	-	-	-	-	5,894
Reinsurance recoveries receivable	5,784	2,585	200	551	569	-	9,689
Gross policy liabilities ceded under reinsurance	16,627	-	-	-	-	-	16,627
Other loans	551	64	-	-	-	-	615
	29,243	3,680	200	551	569	-	34,243
2008							
Premiums outstanding	-	909	-	-	-	-	909
Investment revenue receivable	795	-	-	-	-	-	795
Investment settlements	2,865	-	-	-	-	-	2,865
Reinsurance recoveries receivable	1,780	1,000	100	100	900	-	3,880
Gross policy liabilities ceded under reinsurance	14,222	-	-	-	-	-	14,222
Loan to controlled entity	54,743	-	-	-	-	-	54,743
	74,405	1,909	100	100	900	-	77,414

For investment linked business, the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholder has no direct exposure to any credit risk in those assets. Unit linked assets have not therefore been shown in the above tables.

Mortgage loans

The Group invests in mortgage loans through the controlled entity, The GTFM Mortgage Fund. (At 30 June 2008 it also invested in mortgages through another controlled entity, The New Zealand Guardian Trust Wholesale Mortgage Fund).The Parent invests in mortgage loans to agents.The total carrying value and amounts provided for impaired loans are shown in the table below:

	Consolidated entity 2009	2008	Parent entity 2009	2008
Summary of provisions:	$000	$000	$000	$000
Against individually impaired	9,714	1,014	38	-
Against past due but not impaired	-	-	-	-
Collective provisions	3,480	5,078	241	-
Total impairment provisions	13,194	6,092	279	-
Summary of carrying values:				
Neither past due nor impaired				
Carrying amount	103,480	138,101	792	-
Individually impaired				
Gross amount	61,237	14,835	38	-
Specific provision	(9,714)	(1,014)	(38)	-
Carrying amount	51,523	13,821	-	-
Past due but not impaired				
Less than 30 days	3,304	8,775	64	-
31 to 60 days	1,974	2,273	-	-
61 to 90 days	1,350	10,527	-	-
Over 90 days	20,513	5,159	-	-
Carrying amount	27,141	26,734	64	-
Collective provision	(3,480)	(5,078)	(241)	-
Total carrying amount of mortgages	178,664	173,578	615	-

Impaired and past due assets are closely monitored and assessed for adequacy of security. Where security is assessed as not being adequate, assets are shown as impaired and the appropriate provisions are made.

The Group's credit criteria requires a current independent valuation of the mortgage security be completed by an approved independent valuer at date of loan origination.

Details of related party transactions with respect to the purchase of the mortgage loans during the period together with details of indemnities provided by related parties are detailed in Note 24.

The Group has recognised $4.1m interest and principal losses as being recoverable under two indemnities provided by NZGT, a fellow subsidiary, and the recovery has been recognised in the Income Statement for the period ended 30 June 2009. During the period NZGT paid $2.7m to the Group under these indemnities leaving a balance of $1.3m receivable at 30 June 2009.

6 Credit risk - continued

Collateral held

The Group has collateral against mortgages in the form of first registered security over property. Valuations are obtained for the property at the time the lending is approved and are not necessarily updated over the course of the mortgage loan. The lending policy is to lend up to 60% of the market value of the property for commercial lending and up to 67% for residentrial lending. Certain loans have been rolled over for a further period. In these specific cases the Group's policy may have been varied depending upon individual borrower's circumstances. These variations have only been applied to loans where the servicing ability of the borrower has met agreed criteria.

(f) Derivatives

A derivatives transaction is a contract whose fair value is derived from the value of an underlying asset or index.

The Group uses derivatives for portfolio management purposes. They are used as an alternative to physical assets in order to achieve a desired level of total exposure as a means to hedge against market movements. Total exposure is the sum of the market value of the physical assets plus the equivalent physical asset value attributed to the derivatives.

In addition, the GTFM Mortgage Fund ("the Fund") has taken out interest rate swaps or fixed interest rate loans in order to lock in the Fund's margin between interest returns and borrowing costs. Interest rate swaps are matched to individual fixed rate loans and mature on the date the fixed interest rate period expires. At 30 June 2009, the notional amount of interest rate swaps is $37.3m.

Deliberate gearing up or leverage exposure to an asset class is not permitted.

The most commonly used derivatives by the consolidated entity are futures contracts, interest rate options, and forward currency contracts.

Derivatives are valued on a market-to-market basis such that the income statement and the balance sheet reflect all unrealised gains and losses on derivatives.

The Group has a Risk Management Statement which describes the controls used to manage the risks associated with the use of derivatives. Limits are set on the effective exposure implied by the use of derivatives and on transaction levels and aggregate counterparty exposure. The limits and criteria on which they are set are regularly reviewed, while all review, monitoring and control processes are independent of portfolio activity.

As at 30 June 2009 (and as at 30 June 2008) there was no significant counterparty exposure to one single entity, other than normal clearing house exposure associated with dealings through recognised exchanges.

7 Revenue	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 $000
Premium revenue				
Total premium revenue	137,874	135,301	137,874	135,301
Less savings premiums disclosed as a change in policy liabilities (Note 21)	(15,560)	(20,289)	(15,560)	(20,289)
Premium revenue disclosed in Income Statements	**122,314**	**115,012**	**122,314**	**115,012**
Outwards reinsurance premium expense	(22,416)	(20,043)	(22,416)	(20,043)
Net premium revenue disclosed in Income Statements	**99,898**	**94,969**	**99,898**	**94,969**
Investment revenue				
Dividends	19,123	32,892	19,123	32,892
Interest income - government and local body securities	5,592	6,430	5,592	6,430
Interest income - debentures, notes, term and call deposits	15,744	21,412	15,451	20,505
Interest - mortgage and other	21,345	13,212	2,756	(331)
Sundry	547	1,491	471	410
Movement in financial assets at fair value through profit or loss:				
Movement in value of subsidiaries	-	-	(2,398)	992
Profit/(loss) on sale of financial assets	(21,143)	9,732	(21,143)	9,732
Changes in fair value of financial assets	(37,779)	(91,710)	(42,368)	(91,527)
Total investment revenue	**3,429**	**(6,541)**	**(22,516)**	**(20,897)**
Movement in financial assets at fair value through profit or loss includes the following movements in derivatives:				
Profit/(loss) on sale	(774)	1,016	(774)	1,016
Changes in fair value	1,078	(2,631)	1,078	(2,453)
Total investment revenue derivatives	**304**	**(1,615)**	**304**	**(1,437)**
Other revenue				
Fees from management of superannuation schemes and unit trusts	7,621	9,602	-	-
Commission	2,174	2,866	-	-
Total other revenue	**9,795**	**12,468**	**-**	**-**
Total revenue	**113,122**	**100,896**	**77,382**	**74,072**

8 Expenses	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 Restated $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 Restated $000
Claims expenses				
Deaths	50,204	36,490	50,204	36,490
Maturities	12,316	16,003	12,316	16,003
Surrenders	54,471	74,305	54,471	74,305
Annuities	2,122	2,633	2,122	2,633
Disability	21,375	11,187	21,375	11,187
Gross claims expenses	140,489	140,618	140,489	140,618
Less savings product claims disclosed as a change in policy liabilities (Note 21)	(50,927)	(70,269)	(50,927)	(70,269)
	89,562	70,349	89,562	70,349
Reinsurance recoveries	(25,769)	(10,250)	(25,769)	(10,250)
Net claims expense	**63,793**	**60,099**	**63,793**	**60,099**
Operating expenses				
Acquisition expenses				
Management expenses	18,926	20,147	13,996	15,118
Commission	22,909	22,698	22,669	21,131
Total acquisition expenses	**41,835**	**42,845**	**36,665**	**36,249**
Maintenance expenses				
Management expenses	22,651	18,138	20,753	16,046
Commission	10,300	10,299	9,063	8,777
Total maintenance expenses	**32,951**	**28,437**	**29,816**	**24,823**
Total operating expenses	**74,786**	**71,282**	**66,481**	**61,072**
Other expenses:				
Impairment provisions on mortgage loans	5,479	6,092	-	-
Bad debts written off impaired mortgage loans	7,252	-	-	-
Total mortgage loan impairment loss	12,731	6,092	-	-
Investment management expenses	4,163	4,723	1,840	2,180
Total expenses	**155,473**	**142,196**	**132,114**	**123,351**
Change in unvested policy liabilities	(974)	(845)	(974)	(845)
Change in net policy liability benefits (note 21)	(65,975)	(68,763)	(65,975)	(68,763)
Total expenses including movement in policy liabilities	**88,524**	**72,588**	**65,165**	**53,743**

9 Finance Costs	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 $000
Interest expense:				
Bank borrowings	14,285	7,967	777	286
Finance costs	**14,285**	**7,967**	**777**	**286**

10 Operating Profit	Note	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 Restated $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 Restated $000
Net profit before income tax		**10,313**	**20,341**	**11,440**	**20,043**
Net profit before income tax is arrived at after charging/(crediting) the following specific items:					
Loss on disposal of plant and equipment		4	26	5	26
Depreciation of plant and equipment	16	219	225	165	163
Operating lease rental expenses		1,599	1,665	1,320	1,425
Movement in provision for post retirement employee benefits	17	(1,623)	(1,130)	(1,623)	(1,130)
Employee leave benefits		(301)	260	(291)	278
Impairment of mortgage loans		5,479	6,092	-	-
Impairment and amortisation of intangible assets	18	405	427	405	427
Movement in provision for bad and doubtful debt		7,635	(678)	383	(678)
Contributions to defined contribution superannuation schemes		716	686	716	686
Contributions to defined benefit superannuation schemes	17	121	151	121	151
Reversal of prior year employee share plan grant	17	(115)	-	(115)	-
Current year employee share plan grant		115	169	115	169

11 Income Tax	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 Restated $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 Restated $000
a) **Income tax expense**				
Current tax	(8,199)	21,537	(8,809)	21,007
Deferred tax expense	(4,416)	(31,357)	(2,630)	(31,342)
Income tax expense	**(12,615)**	**(9,820)**	**(11,439)**	**(10,335)**

The aggregate amount of income tax attributable to the financial period differs from the amount calculated by applying the current income tax rate to the profit/(loss) before tax. The difference is reconciled as follows:

Profit before income tax expense	**10,313**	**20,341**	**11,440**	**20,043**
Prima facie income tax @ 30% (2008: 33%)	3,094	6,713	3,432	6,614
Tax effect of amounts which are not deductible/assessable in calculating taxable income:				
Difference due to life insurance tax basis	(25,426)	(25,555)	(25,426)	(25,555)
Non-allowable losses on revaluation of financial assets	16,116	11,041	17,002	10,714
Non-allowable expenses and other items	(381)	(390)	(381)	(407)
Imputation credits on dividends received	(1,194)	(2,234)	(1,194)	(2,234)
Non-taxable dividends	(3,452)	-	(3,452)	-
Other	(114)	(107)	(140)	4
Income tax adjusted for differences	**(11,357)**	**(10,532)**	**(10,159)**	**(10,864)**
Change in deferred tax rate from 33% to 30%	-	748	-	565
Under/(over) provision in prior periods	(1,258)	(36)	(1,280)	(36)
Income tax expense	**(12,615)**	**(9,820)**	**(11,439)**	**(10,335)**

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008
11	**Income Tax - continued**	**$000**	**$000**	**$000**	**$000**
(b)	**Deferred tax**				
(i)	Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:				
	Deferred tax assets to be recovered:				
	After more than 12 months	8,118	3,491	6,298	3,457
	Within 12 months	2,134	2,105	2,134	2,105
		10,252	**5,596**	**8,432**	**5,562**
	Deferred tax liabilities to be settled:				
	Greater than 12 months	-	-	-	-
	Policyholder liabilities	57,655	54,567	57,655	54,567
	Within 12 months	-	-	-	-
		57,655	54,567	57,655	54,567
	Net deferred tax liability	**47,403**	**48,971**	**49,223**	**49,005**
(ii)	The gross movement of the deferred tax account is as follows:				
	Opening balance	48,971	75,676	49,005	74,725
	Unit trusts not consolidated in June 2008	-	(970)	-	-
	Deferred tax in policyholder liabilities	3,088	5,871	3,088	5,871
	Charge through statement of recognised income and expense	(240)	(249)	(240)	(249)
	Income Statement charge	(4,416)	(31,357)	(2,630)	(31,342)
	Closing balance	**47,403**	**48,971**	**49,223**	**49,005**
		-	-	-	-
(iii)	Deferred tax liabilities/(assets) are comprised of the following:				
	Accrued expenses and provisions	(2,134)	(2,105)	(2,134)	(2,105)
	Unrealised (loss)/gains on investments	(4,788)	(1,961)	(4,788)	(1,961)
	Provision for impairment of mortgage loans	(1,753)	-	-	-
	Depreciable and amortisable assets	(253)	(510)	(213)	(476)
	Deferred tax in policyholder liabilities (note 11(b) (vi) and 21(b))	57,655	54,567	57,655	54,567
	Other	(1,324)	(1,020)	(1,297)	(1,020)
	Deferred tax liability	**47,403**	**48,971**	**49,223**	**49,005**

(v) Tax losses carried forward

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

(vi) Deferred tax on policy liabilities

Life insurance policy liabilities represent the net present value of estimated future cash flows and planned profit margins. Using the margin on services methodology, planned after tax profit margins are recognised in the income statement over the period services are provided to policyholders. Life insurance companies are not taxed on pre-tax net holding profit. They are taxed on both the business activity of the life insurer base and the growth and value of the policyholders' investments.

As a result of the implementation of NZ IFRS, the Company changed the classification of deferred tax on policy liabilities during the previous financial reporting period. Taxable temporary differences, largely in respect of deferred acquisition costs, embedded within policy liabilities, which can be reliably measured, have been recognised and disclosed separately from the underlying policy liabilities. *These represent a reclassification between life insurance policy liabilities and deferred tax liabilities with no impact on underlying net* profit, total assets or total liabilities of the Company .

11 Income Tax - continued

(c) Imputation credit and dividend withholding credits

	Consolidated Entity		Parent Entity	
	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008
	$000	$000	$000	$000
Imputation and withholding tax credits				
Opening balance	-	-	-	-
Taxation paid	-	4,000	-	4,000
Imputation credits attached to dividends received/(paid)	(6,828)	(3,760)	(6,828)	(3,760)
Withholding tax paid during the period	25	7,800	25	7,800
Transfer (to)/from policyholder credit account	6,803	(8,040)	6,803	(8,040)
Closing balance	-	-	-	-
Policyholders' credit account				
Opening balance	44,544	47,564	44,544	47,564
Prior year adjustments	(481)	(11,060)	(481)	(11,060)
Transferred from/(to) imputation credit account	(6,803)	8,040	(6,803)	8,040
Closing balance	**37,260**	**44,544**	**37,260**	**44,544**

		Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
12	**Cash and Cash Equivalents**	**$000**	**$000**	**$000**	**$000**
(a)	**Balance sheet**				
	Cash/(overdraft) at bank and in hand	1,171	(494)	(235)	(1,668)
	Deposits at call	7,603	18,560	7,442	14,086
	Cash and cash equivalents	**8,774**	**18,066**	**7,207**	**12,418**

The effective interest rate on deposits at call was 2.5% (2008: 8.25%). These deposits have an average maturity of 1 day (2008: 1 day).

(b) Statement of Cash Flows

Cash and bank overdrafts include the following for the purposes of the Statements of Cash Flows:

Cash and cash equivalents	8,774	18,066	7,207	12,418
Cash and cash equivalents for the Cash Flow Statements	**8,774**	**18,066**	**7,207**	**12,418**

			Consolidated Entity		Parent Entity	
			As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
13	**Loans and Receivables**	**Note**	**$000**	**$000**	**$000**	**$000**
	Mortgage loans		191,858	179,670	894	-
	Loan to controlled entity		-	-	-	54,743
	Impairment provision		(13,194)	(6,092)	(279)	-
	Total loans		**178,664**	**173,578**	**615**	**54,743**
	Other trade receivables		9,520	4,927	7,350	4,760
	Premiums due from policyholders		1,031	909	1,031	909
	Amounts due from reinsurers		9,689	3,876	9,689	3,876
	Amounts due from related parties	24	4,007	8,012	7,931	14,001
	Total receivables		**24,247**	**17,724**	**26,001**	**23,546**
	Total loans and receivables		**202,911**	**191,302**	**26,616**	**78,289**
	Current		69,936	111,391	25,810	78,289
	Non-current		132,975	79,911	806	-
	Total loans and receivables		**202,911**	**191,302**	**26,616**	**78,289**

		Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
14	**Financial Assets at Fair Value through Profit and Loss**	**$000**	**$000**	**$000**	**$000**
	Government/semi government securities	102,797	100,968	102,797	100,968
	Other fixed interest securities	135,010	169,509	135,010	169,509
	Discounted securities	73,301	73,345	72,985	67,749
	Shares in other corporations	130,145	147,640	130,145	147,640
	Derivatives	1,012	(137)	1,012	(37)
	Policy and other loans	8,414	10,495	8,414	10,495
	Unit trusts	148,974	184,486	148,974	184,486
	Investments in subsidiaries	-	-	35,254	37,969
	Total financial assets at fair value through profit or loss	**599,653**	**686,306**	**634,591**	**718,779**

The carrying amounts of the above financial assets are classified as follows:

Designated at fair value on initial recognition				
Current	359,250	122,061	358,934	116,465
Non-current	240,403	564,245	275,657	602,314
Total	**599,653**	**686,306**	**634,591**	**718,779**

15 Other Assets	Consolidated Entity As at 30 June 2009 $000	Consolidated Entity As at 30 June 2008 $000	Parent Entity As at 30 June 2009 $000	Parent Entity As at 30 June 2008 $000
Accrued income	4,796	5,857	3,035	4,113
Prepayments	19	22	19	22
Total	**4,815**	**5,879**	**3,054**	**4,135**
Current	4,815	5,879	3,054	4,135
Non-current	-	-	-	-
Total	**4,815**	**5,879**	**3,054**	**4,135**

16 Plant and Equipment	Vehicles $000	Leasehold improve-ments $000	Computers $000	Furniture & Fittings $000	Consolidated Entity Total $000
30 June 2009					
At cost					
Opening balance	352	890	8,885	3,230	13,357
Additions	-	-	49	34	83
Disposals	(28)	(201)	(393)	(639)	(1,261)
Closing balance	324	689	8,541	2,625	12,179
Accumulated depreciation					
Opening balance	68	879	8,723	3,116	12,786
Depreciation expense	48	4	98	69	219
Disposals	(18)	(201)	(393)	(639)	(1,251)
Closing balance	98	682	8,428	2,546	11,754
Total	**226**	**7**	**113**	**79**	**425**
30 June 2008					
At cost					
Opening balance	275	890	8,788	3,217	13,170
Additions	229	-	129	13	371
Disposals	(152)	-	(32)	-	(184)
Closing balance	352	890	8,885	3,230	13,357
Accumulated depreciation					
Opening balance	111	861	8,667	3,044	12,683
Depreciation expense	49	18	86	72	225
Disposals	(92)	-	(30)	-	(122)
Closing balance	68	879	8,723	3,116	12,786
Total	**284**	**11**	**162**	**114**	**571**

16 Plant and Equipment - continued

	Vehicles $000	Leasehold improve-ments $000	Computers $000	Furniture & Fittings $000	Parent Entity Total $000
30 June 2009					
At cost					
Opening balance	352	890	8,802	3,008	13,052
Additions	-	-	30	32	62
Disposals	(28)	(201)	(390)	(639)	(1,258)
Closing balance	324	689	8,442	2,401	11,856
Accumulated depreciation					
Opening balance	68	879	8,647	2,964	12,558
Depreciation expense	48	4	88	25	165
Disposals	(18)	(201)	(390)	(639)	(1,248)
Closing balance	98	682	8,345	2,350	11,475
Total	**226**	**7**	**97**	**51**	**381**
30 June 2008					
At cost					
Opening balance	274	890	8,704	3,001	12,869
Additions	229	-	128	7	364
Disposals	(151)	-	(30)	-	(181)
Closing balance	352	890	8,802	3,008	13,052
Accumulated depreciation					
Opening balance	111	861	8,608	2,935	12,515
Depreciation expense	49	18	67	29	163
Disposals	(92)	-	(28)	-	(120)
Closing balance	68	879	8,647	2,964	12,558
Total	**284**	**11**	**155**	**44**	**494**

17 Employee Benefits

a) Employee benefit obligations

	Consolidated Entity As at 30 June 2009 $000	Consolidated Entity As at 30 June 2008 $000	Parent Entity As at 30 June 2009 $000	Parent Entity As at 30 June 2008 $000
Defined benefit obligation asset	1,807	1,888	1,807	1,888
Defined benefit obligation (liability)	(3,776)	(2,928)	(3,776)	(2,928)
Defined benefit obligation net (liability)/asset	**(1,969)**	**(1,040)**	**(1,969)**	**(1,040)**
Defined benefit obligation liability	1,969	1,040	1,969	1,040
Employee entitlements	1,200	1,501	1,162	1,453
Total benefit obligations	**3,169**	**2,541**	**3,131**	**2,493**
Current	1,200	1,501	1,162	1,453
Non current	1,969	1,040	1,969	1,040
	3,169	**2,541**	**3,131**	**2,493**

17 Employee Benefits - continued

b) Defined benefit superannuation commitments

Each superannuation fund administered on behalf of employees of the consolidated entity provides benefits to members on retirement, disability or death. All new employees are currently being given membership of accumulation funds rather than defined benefit funds. A number of companies in the group sponsor a number of defined benefit superannuation plans for employees.

For the Guardian Assurance Superannuation Plan, the amount of the surplus recognised is restricted to an amount lower than the fair value of the plan assets less the present value of the defined benefit obligation ($1,895,000; 2008: $8,884,000), in accordance with accounting standards.

(i) Surplus/(deficit) position

The following table summarises the surplus/(deficit) position for the relevant portion of each defined benefit plan:

	Consolidated and Parent Entity 30 June 2009		
Defined benefit plan	**Surplus $000**	**(Deficit) $000**	**Net surplus /(deficit) $000**
Vero and Asteron New Zealand Staff Pension Scheme	-	(3,776)	(3,776)
Guardian Assurance Superannuation Plan	1,807	-	1,807
Total surplus/(deficit)	**1,807**	**(3,776)**	**(1,969)**

	Consolidated and Parent Entity 30 June 2008		
Defined benefit plan	**Surplus $000**	**(Deficit) $000**	**Net surplus /(deficit) $000**
Vero and Asteron New Zealand Staff Pension Scheme	-	(2,928)	(2,928)
Guardian Assurance Superannuation Plan	1,888	-	1,888
Total surplus/(deficit)	**1,888**	**(2,928)**	**(1,040)**

(ii) Aggregate amounts recognised in the Balance Sheets

	Consolidated Entity		Parent Entity	
	As at 30 June 2009 $000	**As at 30 June 2008 $000**	**As at 30 June 2009 $000**	**As at 30 June 2008 $000**
Present value of defined benefit obligations	(37,352)	(36,941)	(37,352)	(36,941)
Fair value of the assets held by the plans	36,121	43,240	36,121	43,240
Adjustment in surplus for amount unable to be recognised under NZ IAS 19	(88)	(6,996)	(88)	(6,996)
Net (liability)/asset before adjustment for contributions tax	(1,319)	(697)	(1,319)	(697)
Adjustment for contributions tax	(650)	(343)	(650)	(343)
Net (liability)/asset in the Balance Sheets	**(1,969)**	**(1,040)**	**(1,969)**	**(1,040)**

The values of assets and liabilities shown above are the combined values of the two plans, one of which has a net surplus and the other a net deficit.

The Group has no obligation to settle this liability with an immediate contribution or additional one off contributions. The consolidated entity intends to continue to contribute to the defined benefit plans at a rate of 0% - 20.6% of salaries plus fixed contributions of $450,000 per annum in line with the actuary's latest recommendations.

17 Employee Benefits - continued

b) Defined benefit superannuation commitments - continued

(iii) Aggregate amounts recognised in the Income Statements

	Consolidated Entity		Parent Entity	
	As at 30 June 2009	As at 30 June 2008 Restated	As at 30 June 2009	As at 30 June 2008 Restated
	$000	$000	$000	$000
Current service cost	144	178	144	178
Interest cost	1,606	1,644	1,606	1,644
Expected return on plan assets	(2,756)	(2,645)	(2,756)	(2,645)
Increase/(decrease) in allowance for contributions tax on net liability	(496)	(405)	(496)	(405)
Employer contributions	(121)	(151)	(121)	(151)
Total (gain)/loss recognised in the Income Statement	**(1,623)**	**(1,379)**	**(1,623)**	**(1,379)**
Actual return/(deficit) on plan assets	**(4,601)**	**(3,489)**	**(4,601)**	**(3,489)**

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the prospective markets.

(iv) Aggregate amounts recognised in the Statement of Recognised Income and Expense

	Consolidated Entity		Parent Entity	
	As at 30 June 2009	As at 30 June 2008 Restated	As at 30 June 2009	As at 30 June 2008 Restated
	$000	$000	$000	$000
Net actuarial loss/(gains) recognised in the year	8,617	6,931	8,617	6,931
Contributions tax	843	749	843	749
Movement in limitation of assets	(6,908)	(5,409)	(6,908)	(5,409)
Total (gain)/loss recognised in the Statements of Recognised Income and Expense before tax	**2,552**	**2,271**	**2,552**	**2,271**
Deferred tax movement	(240)	(249)	(240)	(249)
Total (gain)/loss recognised in the Statements of Recognised Income and Expense after tax	**2,312**	**2,022**	**2,312**	**2,022**

(iv) Principal actuarial assumptions

The principal assumptions used in the valuation of the defined benefit plans are as follows:

	30 June 2009	30 June 2008
	%	%
Discount rate (net of tax)	4.2	4.5
Expected return on plan assets (net of tax)	6.75	5.5
Future salary increases	4.0	5.0

(v) Employer contributions

Employer contributions to the defined benefit plans are based on recommendations by the plans' actuary. Actuarial assessments are made annually, and the last such assessment was made as at 30 June 2008.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary uses the Projected Unit Credit (PUC) Method to determine the present value of the defined benefit obligation, the related current service cost and any past service cost.

17 Employee Benefits - continued

b) Defined benefit superannuation commitments - continued

Actuarial recommendation of the employer contribution rates together with associated actuarial assumptions used to determine the rates are summarised in the table below.

	30 June 2009 %	30 June 2008 %
Employer Contribution rate		
- Vero and Asteron New Zealand Staff Pension Scheme	20% of members' salaries plus fixed contributions of $450,000 per annum (all gross of contribution tax)	20.6
- Guardian Assurance Superannuation Plan	0.0	0.0
Discount rate	4.2	4.5
Expected return on plan assets	5.5 to 6.0	5.5
Future salary increases	4.0	5.0

(vi) Historical Summary	2009 $000	2008 $000	2007 $000
Present value of defined benefit obligations	(37,352)	(36,941)	(37,075)
Fair value of the assets held by the plans	36,121	43,240	40,550
Adjustment in surplus for amount unable to be recognised under NZ IAS 19	(88)	(6,996)	(3,574)
Net (liability)/asset before adjustment for contributions tax	(1,319)	(697)	(99)
Adjustment for contributions tax	(650)	(343)	(49)
Net (liability)/asset in the Balance Sheets	**(1,969)**	**(1,040)**	**(148)**

(c) Employee numbers

	Consolidated Entity 30 June 2009 Number	Consolidated Entity 30 June 2008 Number	Parent Entity 30 June 2009 Number	Parent Entity 30 June 2008 Number
Average number of employees during the financial period	202	218	187	199

(d) Share-based compensation plans

Following the acquisition of Promina Group by Suncorp-Metway in March 2007, the employees of the Company obtained the right to participate in two Suncorp-Metway Limited (SML) share plans. Shares required for the above share plans are acquired by an unrelated special purpose trustee and/or custodial companies in ordinary trading on the Australian Securities Exchange.

Features of the plans are as follows:

(i) Exempt Employee Share Plan ("EESP")

Eligibility	Employees (other than participants in the EPSP) having completed 12 months' service (or less at the discretion of the SML Board).
Basis of Share Offers	Each eligible employee can receive shares up to a maximum value of A$1,000 in any one year. The value of shares to be offered each year is determined by the SML Board based on the Suncorp-Metway Group's overall performance.
Price	The price of shares acquired for any offer is based on the Volume Weighted Average Price of SML's shares over a five day period preceding the date of the offer.
Vesting	Fully vested, not subject to forfeiture.
Performance Criteria	Shares offered to employees under this Plan are not subject to individual performance criteria.
Minimum holding period	*Three years from date of allocation, or upon cessation of employment.*
Plan Maximum Limit	Shares must not be issued under this Plan if the number to be issued would exceed 5% of total shares on issue for SML when aggregated with the number of shares acquired or issued during the previous five years pursuant to any employee share or option Plan of SML.
Dividend entitlements	Full entitlement from the date that shares are allotted to participants.
Voting rights	Participating employees have the right to vote shares from the date the shares are held by the employee in the Plan.

During the year ended 30 June 2009 $nil was accrued in relation to 2009 EESP grants (2008: $126,000 in relation to 2007 and 2008 grants). The 2008 grant that was accrued at 30 June 2008 was not granted subsequent to the 2008 year end, and consequently this accrual was reversed during the current year. No accrual for a 2009 grant has been made.

17 Employee Benefits - continued

(d) Share-based compensation plans - continued

(ii) Executive Performance Share Plan ("EPSP")

Eligibility	Executive Officers.
Basis of Share Offers	Offers under this Plan can be made on commencement of employment however offers are also made on an annual basis. The value of shares offered is determined by the SML Board based on the participating Executive Officer's level of remuneration and individual performance. Share offers are subject to performance criteria.
Price	The price of shares acquired for any offer is based on the Volume Weighted Average Price of SML's shares over a five day period preceding the date of the offer.
Vesting	Vesting of shares is subject to satisfaction of performance criteria over the performance period.
Performance Criteria	The criteria is based on total shareholder returns ("TSR") achieved by the Suncorp-Metway Group over a performance period compared to the TSR of a comparator group comprising the Top 50 Industrial companies in the S&P/ASX 100, excluding listed property trusts. No shares are vested unless the Group's TSR ranking at the end of a performance period is above the 50th percentile of the comparator group. If the SML Group's TSR ranking is less than the 50th percentile no shares will vest, at the 50th percentile 50% of shares will vest and at or above the 75th percentile 100% of the shares will vest. Between the 50th and 75th percentiles, an additional 2% of the shares will vest for each 1% increase (on a straight line basis) in the Group's TSR ranking above the 50th percentile. A performance period generally commences on the date of offer to participate in the Plan and the first performance measurement point is three years after the offer date. The Executive Officer has the right to elect to receive an allocation of shares at the end of the performance period, based on the performance result described above, or extend the performance period a further two years. If the Executive Officer elects to accept the year three performance result, any shares subject to that same offer that are not allocated are forfeited. After year three, performance measurements are undertaken on a six monthly basis, in March and September each year, up to the end of year five. Executive Officers electing to extend the performance period from three to five years waive their right to make any further election in regard to acceptance of a performance result (and therefore cannot have shares allocated) until the end of year five. The Executive Officer's entitlement to an allocation of shares at the end of year five will be based on the highest performance measurement result recorded at any of the prescribed performance measurement points over the period from the end of year three to the end of year five inclusive. Shares not allocated at the end of year five are forfeited.
Minimum holding period	No minimum holding period applies once shares have been allocated unless otherwise determined by the SML Board.
Plan Maximum Limit	Shares must not be issued under this Plan if the number to be issued would exceed 5% of total shares on issue for SML when aggregated with the number of shares acquired or issued during the previous five years pursuant to any employee share or option Plan of SML.
Dividend entitlements	Full entitlement from date of allocation (vesting).
Voting rights	Voting rights are held by the Plan Trustee until shares have vested with the participating employee.

The amount included in the income statement in relation to the deferred ordinary shares allocated under EPSP for the year ended 30 June 2009 was $nil (2008: $86,000).

18	Intangible Assets	Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
(a)	**Intangible Assets - software**	$000	$000	$000	$000
	Opening balance	13,854	11,534	13,854	11,534
	Additions	928	2,320	928	2,320
	Disposals	-	-	-	-
	Closing balance	**14,782**	**13,854**	**14,782**	**13,854**
	Accumulated impairment and amortisation opening balance	11,959	11,532	11,959	11,532
	Disposals	-	-	-	-
	Amortisation	405	427	405	427
	Closing balance	**12,364**	**11,959**	**12,364**	**11,959**
	Closing balance of other intangible assets	**2,418**	**1,895**	**2,418**	**1,895**
(b)	**Intangible Assets - other**				
	Opening balance	-	-	-	-
	Additions	120	-	-	-
	Disposals	-	-	-	-
	Closing balance	**120**	**-**	**-**	**-**
	Closing balance of intangible assets	**2,538**	**1,895**	**2,418**	**1,895**

In January 2009 intellectual property rights were acquired by a subsidiary company for $120,000. This purchase price is to be amortised over a period of 5 years commencing 01 July 2009 being the period over which it is anticipated the economic benefits from this purchase will arise.

19	Payables	Note	Consolidated Entity		Parent Entity	
			As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
			$000	$000	$000	$000
	Payables					
	Trade creditors and accruals		4,933	5,881	5,086	6,574
	Amounts due to reinsurers		1,972	4,521	1,972	4,521
	Amounts due to related parties	24	8,012	2,274	15,881	6,231
	Other creditors and provisions		2,977	902	1,052	1,629
	Total payables		**17,894**	**13,578**	**23,991**	**18,955**
	Current		17,894	13,578	23,991	18,955
	Non-current		-	-	-	-
	Total trade and other payables		**17,894**	**13,578**	**23,991**	**18,955**

20 Financial Liabilities	Consolidated Entity As at 30 June 2009 $000	Consolidated Entity As at 30 June 2008 $000	Parent Entity As at 30 June 2009 $000	Parent Entity As at 30 June 2008 $000
Drawdown facility	158,700	154,743	-	54,743
Total financial liabilities	**158,700**	**154,743**	**-**	**54,743**
Current	158,700	154,743	-	54,743
Non Current	-	-	-	-
Total financial liabilities	**158,700**	**154,743**	**-**	**54,743**

At 30 June 2008 a drawdown facility of $75.0 million to Asteron Life Limited ("the Company") was in place of which $54.7 million had been drawn down. The drawdown facility ceased and loan was repaid in September 2008. A loan of $54.7 million had been advanced to the GTFM Mortgage Fund ("the Fund") by the Company at 30 June 2008, and this loan was repaid by the Fund to the Company in September 2008.

A drawdown facility of $158.7 million (2008: $nil) to the Fund was in place at 30 June 2009, of which $158.7 million (2008: $nil) had been drawn down at balance date. The facility automatically reduces with each loan repayment and therefore equates to the outstanding loan balance at any time.

The loan facility has been provided by ANZ National Bank Limited (ANZ National). Interest is charged at New Zealand Bill Reference Rate (BKBM) plus 140 basis points. The loan is due to mature on 8 September 2009. ANZ National have indicated their intention to agree an extension subject to a number of conditions. The Directors of the Trustee are confident that satisfactory terms and conditions will be agreed with ANZ National to support the roll over of the loan on 8 September 2009.

Under the terms of the loan facility agreement the Fund must comply with interest cover and leverage ratios. The Fund has complied with these ratios at all times during the period ended 30 June 2009.

The facility drawn down on 8 September 2008 is secured over the assets of the GTFM Mortgage Fund, and up to $30.0 million of the assets of the Company's Shareholder Fund.

The following collateral has been pledged as security for the loan facility:

- General Security Deed over all the assets and undertakings of the Fund in favour of ANZ National.
- Specific Security Deed of $30.0 million granted by Asteron Life Limited in favour of ANZ National.
- A guarantee of $33.6 million granted by Suncorp-Metway Limited in favour of ANZ National.
- An interest top-up to a maximum of $6.0million in any 12 month period granted by Asteron Life Limited in favour of ANZ National.

At 30 June 2008 a drawdown facility provided a $150.0 million cash advance facility to the NZ Guardian Trust Wholesale Mortgage Fund ("the GIF 5"), of which $100.0 million had been drawn down at 30 June 2008. The facility ceased and the loan was repaid in September 2008, and the GIF 5 is now being wound up.

Interest charged on the advance to GIF 5 was at a rate of 25 basis points over the 90 day bank bill mid rate, and was charged monthly in arrears. Receipts from the GIF 5 mortgage portfolio were used to pay the interest and principal commitments due on the cash advance facility and other administration expenses. The cash advance facility was secured over the assets of the GIF 5.

The facility drawn down on 9 June 2008 was secured over the assets of the GTFM Mortgage Fund, and up to $30.0 million of the assets of the Company's Shareholder Fund.

The following collateral were pledged as security for the loan facility:

- General Security Deed over all the assets and undertakings of the Fund in favour of ANZ National.
- Specific Security Deed of $30.0 million granted by Asteron Life Limited in favour of ANZ National.

		Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
21	**Policy Liabilities**	$000	$000	$000	$000
(a)	**Reconciliation of movements in policy liabilities**				
	Investment contract policy liabilities				
	Opening gross policy liabilities	309,484	382,437	309,484	382,437
	Net increase as shown in the Income Statements	(27,734)	(22,973)	(27,734)	(22,973)
	Investment contract contributions recognised in policy liabilities	15,560	20,289	15,560	20,289
	Investment contract withdrawals recognised in policy liabilities	(50,927)	(70,269)	(50,927)	(70,269)
	Closing investment contract policy liabilities	**246,383**	**309,484**	**246,383**	**309,484**
	Insurance contract policy liabilities				
	Opening gross policy liabilities	46,929	102,685	46,929	102,685
	Net decrease as shown in the Income Statements	(38,241)	(45,790)	(38,241)	(45,790)
	Increase/(decrease) in liabilities ceded under reinsurance	2,405	(4,095)	2,405	(4,095)
	Deferred tax movement	(3,088)	(5,871)	(3,088)	(5,871)
	Closing life insurance policy liabilities	**8,005**	**46,929**	**8,005**	**46,929**
	Total policy liabilities				
	Opening gross policy liabilities	356,413	485,122	356,413	485,122
	Net increase as shown in the Income Statements	(65,975)	(68,763)	(65,975)	(68,763)
	Investment contract contributions recognised in policy liabilities	15,560	20,289	15,560	20,289
	Investment contract withdrawals recognised in policy liabilities	(50,927)	(70,269)	(50,927)	(70,269)
	Increase/(decrease) in liabilities ceded under reinsurance	2,405	(4,095)	2,405	(4,095)
	Deferred tax movement	(3,088)	(5,871)	(3,088)	(5,871)
	Closing policy liabilities	**254,388**	**356,413**	**254,388**	**356,413**
	Current	10,508	26,424	10,508	26,424
	Non-current	243,880	329,989	243,880	329,989
	Total	**254,388**	**356,413**	**254,388**	**356,413**
	Liabilities ceded under reinsurance				
	Opening balance	14,222	18,317	14,222	18,317
	Increase/(decrease) in reinsurance assets reflected in the Income Statements	2,405	(4,095)	2,405	(4,095)
	Closing balance	**16,627**	**14,222**	**16,627**	**14,222**
	Current	4,643	4,239	4,643	4,239
	Non-current	11,984	9,983	11,984	9,983
	Closing net policy liabilities	**237,761**	**342,191**	**237,761**	**342,191**
(b)	**Components of insurance contract policy liabilities**				
	Future policy benefits *	1,030,436	1,006,052	1,030,436	1,006,052
	Future bonuses	-	24,346	-	24,346
	Future expenses	280,796	254,616	280,796	254,616
	Planned margin over future expenses	263,934	237,378	263,934	237,378
	Balance of future premiums	(1,279,750)	(1,125,634)	(1,279,750)	(1,125,634)
	Net policy liabilities	295,416	396,758	295,416	396,758
	Deferred tax liability (Note 11(b))	(57,655)	(54,567)	(57,655)	(54,567)
	Net policy liabilities	237,761	342,191	237,761	342,191
	Life insurance reinsurance ceded receivable	16,627	14,222	16,627	14,222
	Gross policy liabilities	**254,388**	**356,413**	**254,388**	**356,413**
	less: future policy benefits, investment contracts	(246,383)	(309,484)	(246,383)	(309,484)
	Insurance contract policy liabilities	**8,005**	**46,929**	**8,005**	**46,929**
	Policy liabilities subject to capital guarantees	19,169	24,042	19,169	24,042

* Future policy benefits include bonuses vested in policyholders in current and prior periods.

		Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008 Restated	As at 30 June 2009	As at 30 June 2008 Restated
21	**Policy Liabilities - continued**	**$000**	**$000**	**$000**	**$000**
(c)	**Profit after income tax expense**				
	Life insurance profit after income tax expense arose from:				
	Planned margins of revenues over expenses released	29,502	26,732	29,502	26,732
	Difference between actual and assumed experience	(1,354)	8,424	(1,354)	8,424
	Reversal of capitalised loss	(142)	(101)	(142)	(101)
	Movement in value of subsidiaries	557	992	(2,398)	992
	Investment earnings on assets in excess of policyholder liabilities	(5,635)	(5,886)	(2,729)	(5,669)
	Net profit attributed to minority interests	434	217	-	-
	Profit after income tax expense	**23,362**	**30,378**	**22,879**	**30,378**

Further details of actuarial policies and methods are provided in Note 5.

22 Contributed Capital and Retained Earnings
Movements in contributed capital and retained earnings

	Contributed capital and retained earnings - consolidated entity				
	Share Capital $000	Retained Earnings $000 Restated	Total $000 Restated	Minority Interests $000	Total Equity $000 Restated
Balance at 30 June 2007	**172,730**	**81,143**	**253,873**	**3,500**	**257,373**
Profit for the period after tax	-	30,378	30,378	(217)	30,161
Actuarial (loss)/gain on defined benefit fund (Note 17)		(2,022)	(2,022)	-	(2,022)
Total recognised income and expense for the period	**-**	**28,356**	**28,356**	**(217)**	**28,139**
Dividends paid (Note 23)	-	(15,000)	(15,000)	-	(15,000)
Distributions to minority interest unit holders	-	-	-	217	217
Mortgage impairment provision relating to minority interest holder	-	-	-	(481)	(481)
Share based remuneration	169	-	169	-	169
Total transactions with equity holders	**169**	**(15,000)**	**(14,831)**	**(264)**	**(15,095)**

	Contributed capital and retained earnings - consolidated entity				
	Share Capital $000	Retained Earnings $000	Total $000	Minority Interests $000	Total Equity $000
Balance at 30 June 2008	**172,899**	**94,499**	**267,398**	**3,019**	**270,417**
Profit for the year after tax	-	23,362	23,362	(434)	22,928
Actuarial (loss)/gain on defined benefit fund (Note 17)		(2,312)	(2,312)	-	(2,312)
Total recognised income and expense for the year	**-**	**21,050**	**21,050**	**(434)**	**20,616**
Dividends paid (Note 23)		(17,500)	(17,500)	-	(17,500)
Shares issued	17,500		17,500	-	17,500
Distributions to minority interest unit holders	-	-	-	434	434
Mortgage impairment provision relating to minority interest holder	-	-	-	(434)	(434)
Share based remuneration	115		115	-	115
Total transactions with equity holders	**17,615**	**(17,500)**	**115**	**-**	**115**
Balance at 30 June 2009	**190,514**	**98,049**	**288,563**	**2,585**	**291,148**

22 Contributed Capital and Retained Earnings (continued)

Movements in contributed capital and retained earnings

	Contributed capital and retained earnings - Parent		
	Attributable to Equity Holder of the Company		
	Share Capital $000	Retained $000	Total $000
		Restated	Restated
Balance at 30 June 2007	**172,730**	**91,560**	**264,290**
Profit for the period after tax	-	30,378	30,378
Actuarial (loss)/gain on defined benefit fund (Note 17)	-	(2,022)	(2,022)
Total recognised income and expense for the period	**-**	**28,356**	**28,356**
Transactions with equity holder in its capacity as equity holder:			
Dividends paid (Note 23)	-	(15,000)	(15,000)
Share based remuneration	169	-	169
Total transactions with equity holder	**169**	**(15,000)**	**(14,831)**

	Contributed capital and retained earnings - Parent		
	Attributable to Equity Holder of the Company		
	Share Capital $000	Retained $000	Total $000
Balance at 30 June 2008	**172,899**	**104,916**	**277,815**
Profit for the year after tax	-	22,879	22,879
Actuarial (loss)/gain on defined benefit fund (Note 17)	-	(2,312)	(2,312)
Total recognised income and expense for the year	**-**	**20,567**	**20,567**
Transactions with equity holder in its capacity as equity holder:			
Dividends paid (Note 23)	-	(17,500)	(17,500)
New shares issued	17,500	-	17,500
Share based remuneration	115	-	115
Total transactions with equity holder	**17,615**	**(17,500)**	**115**
Total equity at 30 June 2009	**190,514**	**107,983**	**298,497**

The above Statements of Movements in Contributed Capital and Retained Earnings should be read in conjunction with the accompanying notes.

	Consolidated Entity		Parent Entity	
	As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
Share Capital	**$000**	**$000**	**$000**	**$000**
118,342,450 (2008: 112,480,000) ordinary shares	145,230	127,730	145,230	127,730
Shareholder contribution under employee share plans	284	169	284	169
Total contributed capital	**145,514**	**127,899**	**145,514**	**127,899**
Preference Shares				
45,000,000 (2008: 45,000,000) specified preference shares	45,000	45,000	45,000	45,000
Total preference shares	**45,000**	**45,000**	**45,000**	**45,000**
Total share capital	**190,514**	**172,899**	**190,514**	**172,899**

Each ordinary and preference share is entitled to one vote. The shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends in proportion to the amounts paid or credited as paid on account of the nominal value of the shares and the proceeds on winding up of the Company in proportion to the shares held by the holder.

The dividends on the redeemable preference shares are payable at the discretion of the Company. Similarly, the redeemable preference shares are redeemable at the discretion of the Company. In the event of liquidation of the Company, the holder of the redeemable preference shares do not participate in any distribution of profits or assets of the Company.

On 26 June 2009 5,862,450 ordinary shares were issued to Suncorp Group New Zealand Limited for a consideration of $17,500,000. The consideration was provided by the reinvestment of a dividend of $17,500,000 paid to Suncorp New Zealand Limited on 26 June 2009.

22 Contributed Capital and Retained Earnings (continued)

Share capital (continued)

The movements in the shareholder contributions under the employee share plans are (Note 17(d)):

	Consolidated Entity		Parent Entity	
	As at 30 June 2009 $000	As at 30 June 2008 $000	As at 30 June 2009 $000	As at 30 June 2008 $000
Balance at beginning of the year	169	-	169	-
Contributions under Exempt Employee Share Plan	-	83	-	83
Contributions under Executive Performance Share Plan	115	86	115	86
Balance at the end of the year	**284**	**169**	**284**	**169**

	Consolidated Entity		Parent Entity	
	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008
23 Dividends	**$000**	**$000**	**$000**	**$000**
(a) Ordinary Shares				
Dividend of 15.5583215 cents per fully paid ordinary share, paid June 2009.	17,500	-	17,500	-
Dividend of 13.34 cents per fully paid ordinary share, paid June 2008. Fully imputed.	-	15,000	-	15,000
Total dividends declared or paid	**17,500**	**15,000**	**17,500**	**15,000**

24 Related Parties

At reporting date, aggregate amounts receivable from and payable to related parties were as follows:

		Consolidated Entity		Parent Entity	
		As at 30 June 2009	As at 30 June 2008	As at 30 June 2009	As at 30 June 2008
Balances at period end	**Note**	**$000**	**$000**	**$000**	**$000**
Due from fellow subsidiaries		-	1,975	-	2,050
Due from subsidiaries		-	-	4,583	10,347
Due from managed unit trusts and superannuation schemes		4,007	6,037	3,348	1,604
Due to fellow subsidiaries		(6,772)	(1,003)	(6,770)	(1,003)
Due to subsidiaries		-	-	(4,935)	(720)
Due to managed unit trusts and superannuation schemes		(1,240)	(1,271)	(4,176)	(4,508)
Total balances at period end		**(4,005)**	**5,738**	**(7,950)**	**7,770**
Total receivable	13	4,007	8,012	7,931	14,001
Total payable	19	(8,012)	(2,274)	(15,881)	(6,231)
Total receivable/(payable)		**(4,005)**	**5,738**	**(7,950)**	**7,770**

24 Related Parties - continued

At reporting date, transactions with each of the related parties were as follows:

Transactions received/(paid)	Relationship	Transaction	12 Months Ended 30 June 2009 $000	12 Months Ended 30 June 2008 $000
Asteron Life Limited (Australia)	Fellow subsidiary	Accounting and administrative	(5)	(61)
Vero Insurance Limited (Australia)	Fellow subsidiary	Accounting and administrative	(8,671)	(4,902)
Vero Insurance NZ Limited	Fellow subsidiary	Accounting and administrative	(835)	(564)
Vero Liability Insurance Limited	Fellow subsidiary	Accounting and administrative	30	26
Vero Warranty Limited	Fellow subsidiary	Accounting and administrative	7	25
Comprehensive Travel Insurance Limited	Fellow subsidiary	Accounting and administrative	5	5
The New Zealand Guardian Trust Company Limited	Fellow subsidiary	Accounting and administrative	(1,359)	(1,526)
		Tax offset	-	1,714
		Indemnity fee payable by GTFM Mortgage Fund	(1,057)	-
		Amount receivable under indemnity in respect of capital and interest losses in GTFM Mortgage Fund	3,035	1,027
Suncorp Equities NZ Limited	Fellow subsidiary	Accounting and administrative	(5)	(130)
Suncorp Group Services New Zealand Limited	Fellow subsidiary	Accounting and administrative	(1,545)	(2,238)
		FITC transfer	228	228
AA Insurance Limited	Fellow subsidiary	Accounting and administrative	72	66
AA Life services	Associate company of parent	Accounting and administrative	1,300	1,024
		Commission	(6,005)	(7,076)
		Net loan repaid/(advanced)	-	162
Tyndall Investment Management New Zealand Limited	Fellow subsidiary	Investment management fee	(1,160)	(2,307)
		Management fees	(480)	-
		Tax offset	-	348
Suncorp Group Limited	Parent company	Dividend	(17,500)	(15,000)
Asteron Superannuation Services Limited	Subsidiary	Management fees and commission	-	608
Asteron Retirement Investment Limited	Subsidiary	Management fees and commission	4,804	4,488
		Tax offset	-	289
		Rebate management fees	(532)	(538)
Asteron Trust Services Limited	Subsidiary	Management fees and commission	404	579
		Rebate management fees	(311)	(528)
SAL Re Limited	Subsidiary	Commission	(605)	(663)
		Expenses paid	(164)	-
		Net loan repaid/(advanced)	(517)	(1,102)
The New Zealand Guardian Trust Wholesale Mortgage Fund (in wind up)	Subsidiary	Distributions received	266	2,655
		Repayment of units	26,500	-
		Acquisition of units	-	(10,000)
NZGT Mortgage Trust (in wind up)	Fellow subsidiary	Repayment of Mezzanine Notes	5,000	-
The GTFM Mortgage Fund	Subsidiary	Acquisition of units	(31,500)	-
		Interest on loan	1,462	-
		Loan advance	-	(57,843)
		Part repayment of loan	54,743	3,100

Fair value of investments in managed funds managed by The New Zealand Guardian Trust Limited ("NZGT") and Asteron Trust Services Limited ("Trust Services"):

	30 June 2009 $000	30 June 2008 $000
Group Investment Funds managed by NZGT		
- The New Zealand Guardian Trust Wholesale Mortgage Fund	-	22,855
- The New Zealand Guardian Trust Property Fund	8,487	9,346
- The Guardian Mortgage Fund	542	-
- The Guradian Cash Plus Mortgage Units Fund	10	-
- NZGT Mortgage Trust - class B Mezzanine Notes	-	5,000
Asteron unit trusts managed by Asteron Trust Services:		
- Asteron New Zealand Fixed Interest Trust	5,910	5,477
- Asteron Corporate Bond Trust	12,253	11,819
- Asteron Socially Responsible Trust	680	729
- Asteron Asian Sharemarket Growth Trust	774	1,000
Unit trusts managed by NZGT		
- The GTFM Mortgage Fund	23,258	-

25 Controlled Entities

Asteron Life Limited and its controlled entities:

Controlled entity	Country of incorporation	Equity holding 30 June 2009 %	Equity holding 30 June 2008 %
Northcroft Plaza Limited (in voluntary liquidation 30 June 2009)	New Zealand	-	100
Asteron Retirement Investment Limited	New Zealand	100	100
Asteron Trust Services Limited	New Zealand	100	100
SAL Re Limited	New Zealand	100	100
The NZ Guardian Trust Wholesale Mortgage Fund (see note below)	New Zealand	-	88
The GTFM Mortgage Fund	New Zealand	90	100

On 30 June 2009 Northcroft Plaza Limited was placed into voluntary liquidation.

A special purpose Group Investment Fund (GIF), NZGT Wholesale Mortgage Fund (GIF5), was set up in July 2004 to enable the Group to invest in mortgages. At 30 June 2008 Asteron and The New Zealand Guardian Trust Company Limited ("NZGT") held 100% of the units in the GIF and exercised control over the GIF under the provisions of a Trust Deed. As at 30 June 2008 GIF 5 had mortgage loan investments of $121 million after impairment provisions of $5 million. A $150 million financing facility was in place at 30 June 2008, of which $100 million was drawn down. Receipts from the mortgage portfolio were used to pay the interest and principal commitments due on the cash advance facility and other administration expenses. The cash advance facility was secured over the assets of the GIF. The GIF is now being wound up.

A special purpose Fund, GTFM Mortgage Fund (the Fund), was set up in June 2008 to purchase part of the mortgage portfolio of the NZGT Mortgage Trust. At 30 June 2009 Asteron held 90% (2008: 100%) of the units in the Fund and exercised control over the Fund under the provisions of the Trust Deed. As at 30 June 2009 the Fund has mortgage loan investments of $178 million (2008: $53 million) after impairment provisions of $16 million (2008: $1 million).

On 9 June 2008 the Fund acquired part of the mortgage portfolio of the NZGT Mortgage Trust for a consideration of $57.8m. The consideration represented mortgage loan principal of $57.1m and accrued interest of $0.7m. The New Zealand Guardian Trust Company Limited ("Guardian Trust"), a fellow subsidiary, has fully indemnified the Fund for all principal and interest losses arising on this specific loan portfolio. As at 30 June 2009 the Fund recognised a provision of $1.1m to cover principal and interest losses that may arise under this indemnity. During the period ended 30 June 2009, the Trustee of the Fund, Guardian Trust paid interest losses realised on these loans of $0.1m leaving a provision of $1.0m to cover any further realised principal and interest losses on the remaining balance of the specified loans of $33.7m as at 30 June 2009.

On 11 July 2008 the Fund purchased the equity and Class C to E Mezzanine notes from external investors in the NZGT Mortgage Trust for a consideration of $13.6m. The consideration represented face value of the notes of $13.1m and accrued interest of $0.5m.

On 9 September 2008 the Fund purchased the balance of the mortgage loan portfolio of the NZGT Mortgage Trust for a consideration of $137.4m being mortgage loan principal of $134.9m and accrued interest of $2.5m. The Trustee of the Fund, Guardian Trust has provided an indemnity to compensate the fund for any principal and interest losses incurred on nine specific loans with a maximum indemnity payment for principal and interest losses of $3.0m. During the period ended 30 June 2009 Guardian Trust paid principal and interest losses realised on these loans of $2.7m leaving a provision of $0.4m to cover any further realised principal and interest losses on the remaining balance of these loans of $9.8m as at 30 June 2009.

On 19 September 2008 the Fund purchased the residual mortgage loan portfolio of the GIF 5 for a consideration of $106.0m being mortgage loan principal of $105.3m and accrued interest of $0.760m. The GIF 5 is being wound up.

During the period the Trustee of the Fund, Guardian Trust has paid a facility fee of $0.8m for the loan facility provided by ANZ National Bank Limited and a fee of $0.6m in consideration for the guarantee provided by Suncorp-Metway Limited, the ultimate parent company of the Trustee. *Refer to Note 20 for details of the borrowings.*

The Group has provided a Specific Security Deed of $30.0 million in favour of ANZ National as part of the security for the loan facility to the GTFM Mortgage Fund. The deed pledges shareholder investment assets up to a value of $30.0m.

On 31 May 2008 Northcroft Nominees Limited, Asteron Nominees Limited, and Asteron Superannuation Services Limited were amalgamated into Asteron Retirement Investment Limited. Transactions shown for these entities in Note 24 are as at the date of the amalgamation.

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008
26	**Directors and Executive Remuneration**	$000	$000	$000	$000
	The remuneration of the key management team are:				
	Short-term employee benefits	2,030	1,886	2,030	1,886
	Post-employment benefits	85	98	85	98
	Share based payments	115	86	115	86
	Total	**2,230**	**2,070**	**2,230**	**2,070**

GE Summerhayes was remunerated by Suncorp-Metway Limited, the ultimate parent. BD Connor is remunerated by The New Zealand Guardian Trust Company Limited, a fellow subsidiary.

GT Ricketts is remunerated by Suncorp-Metway Limited as a Director.

		Consolidated Entity		Parent Entity	
		12 Months Ended 30 June 2009	12 Months Ended 30 June 2008	12 Months Ended 30 June 2009	12 Months Ended 30 June 2008
27	**Remuneration of Auditors**	$000	$000	$000	$000
	During the period the following fees were paid or payable for services provided by the auditor of the Group, and its related practices:				
	Audit services				
	Fees paid or payable to audit firms:				
	Audit or review of financial reports of the Company or any entity in the consolidated entity				
	KPMG - current year				
	- statutory audit fee	584	444	584	444
	- managed fund audit fees	227	169	227	131
	KPMG - prior years				
	- managed fund audit fees	105	46	105	46
	PWC - current year				
	- managed fund audit fees	-	13	-	-
	Total remuneration for audit services	**916**	**672**	**916**	**621**
	Other assurance services				
	Prospectuses for managed funds				
	- current year	27	-	27	-
	- prior year	4	-	4	-
	Total remuneration for other assurance services	**31**	**-**	**31**	**-**
	Total remuneration of auditors	**947**	**672**	**947**	**621**

		Parent Entity	
		As at 30 June 2009	As at 30 June 2008
28	**Solvency Requirement**	$000	$000
	The minimum equity required to meet solvency requirements over and above total liabilities in the balance sheet has been shown below. The shareholder equity exceeds these minimum requirements by:	244,579	221,951

29 Reconciliation of Net Profit for the Year to Net Cash Flows from Operating Activities	Consolidated Entity 12 Months Ended 30 June 2009 $000	Consolidated Entity 12 Months Ended 30 June 2008 Restated $000	Parent Entity 12 Months Ended 30 June 2009 $000	Parent Entity 12 Months Ended 30 June 2008 Restated $000
Operating Profit after income tax and before minority interest	**23,362**	**30,378**	**22,879**	**30,378**
Investment revenue - net changes in market value	58,922	81,978	65,909	80,803
Profit attributable to minority interests	(434)	(217)	-	-
Depreciation expense	219	225	165	163
Amortisation of intangibles	405	427	405	427
Impairment of mortgage loans	12,731	6,092	-	-
Loss/(Profit) on disposal of plant and equipment	4	26	5	26
Defined benefit scheme recovery	(1,383)	(1,130)	(1,383)	(1,130)
(Increase)/decrease in working capital				
Receivables (excluding loans)	(6,523)	673	(2,455)	1,279
Reinsurance recoveries - outstanding claims	(3,681)	(749)	(3,681)	(749)
Reinsurance recoveries - policy liabilities	(2,405)	4,095	(2,405)	4,095
Other assets	1,064	1,231	1,081	2,432
Outstanding claims	10,777	(4,210)	10,777	(4,210)
Unearned premiums	(45)	(9)	(45)	(9)
Employee benefit obligations	(301)	260	(291)	278
Accounts payable/provisions	4,316	(7,615)	5,036	(6,556)
Taxation	(16,182)	(14,867)	(15,003)	(14,264)
Life insurance policy liabilities	(102,999)	(129,553)	(102,999)	(129,553)
Less items classified as investment activities:				
Increase in investment receivables	3,029	(4,688)	3,029	(4,551)
Decrease in investment payables	(26)	4,024	587	3,301
Net cash flow from operating activities	**(19,150)**	**(33,629)**	**(18,389)**	**(37,840)**

30 Contingent Liabilities

The Company has granted a specific security deed of $30.0million in favour of ANZ National as security for the loan facility from the bank to GTFM Mortgage Fund. (2008: $30.0 million).

The Company has provided an written undertaking to its wholly owned subsidiary SAL Re Limited to provide ongoing financial support in order to enable the subsidiary to continue to carry out its business operations.

31 Commitments for Expenditure	Consolidated Entity As at 30 June 2009 $000	Consolidated Entity As at 30 June 2008 $000	Parent Entity As at 30 June 2009 $000	Parent Entity As at 30 June 2008 $000
Capital commitments				
There are no commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities payable (2008: Nil).				
Lease commitments				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than one year	1,711	2,527	1,478	2,155
Later than one year but not later than 5 years	2,386	3,823	2,314	3,206
Later than 5 years	1,662	1	1,662	-
Total	**5,759**	**6,351**	**5,454**	**5,361**
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases.	-	825	-	825

32 Events Occurring after Reporting Date

There has not been any other matter or circumstance that has arisen since the end of the reporting year that has significantly affected, or may significantly affect the company and consolidated entity's operations, the results of those operations, or the company and consolidated entity's state of affairs as at 30 June 2009.

33 Disaggregated Information

Disaggregated information of life insurance by fund	Consolidated Entity 30 June 2009		
	Unit linked Business $000	Shareholder and Other Business $000	Total $000
Investment assets, cash, and cash equivalents	214,504	393,923	608,427
Other assets	13,231	239,050	252,281
Total assets	**227,736**	**632,972**	**860,708**
Policy liabilities	194,726	59,662	254,388
Unvested policy benefits	-	16,366	16,366
Other liabilities	17,525	281,281	298,806
Retained profits attributable to shareholders	15,485	82,564	98,049
Share capital	-	190,514	190,514
Minority interest	-	2,585	2,585
Total liabilities and equity	**227,736**	**632,972**	**860,708**
Risk premium revenue	-	122,314	122,314
Reinsurance recoveries	-	25,769	25,769
Investment revenue	(21,588)	25,017	3,429
Other revenue	-	9,795	9,795
Risk claims expense	-	(89,562)	(89,562)
Reinsurance outwards	-	(22,416)	(22,416)
Operating expenses	(2,220)	(89,460)	(91,680)
(Increase)/decrease in policy liabilities	29,397	37,552	66,949
Finance costs	-	(14,285)	(14,285)
Operating surplus before tax	**5,588**	**4,725**	**10,313**
Income tax expense	(3,155)	15,770	12,615
Operating surplus after tax	**2,433**	**20,495**	**22,928**
Minority interest	-	434	434
Operating surplus after tax	**2,433**	**20,929**	**23,362**

33 Disaggregated Information - continued

Disaggregated information of life insurance by fund - continued

	Consolidated Entity 30 June 2008		
	Unit linked Business	Shareholder and Other Business Restated	Total Restated
	$000	$000	$000
Investment assets, cash, and cash equivalents	275,449	428,923	704,372
Other assets	13,422	214,866	228,288
Total assets	**288,871**	**643,789**	**932,660**
Policy liabilities	250,191	106,222	356,413
Unvested policy benefits	-	17,340	17,340
Other liabilities	25,628	262,862	288,490
Retained profits attributable to shareholders	13,052	81,447	94,499
Share capital	-	172,899	172,899
Minority interest	-	3,019	3,019
Total liabilities and equity	**288,871**	**643,789**	**932,660**
Risk premium revenue	-	115,012	115,012
Reinsurance recoveries	-	10,250	10,250
Investment revenue	(12,723)	6,182	(6,541)
Other revenue	-	12,468	12,468
Risk claims expense	-	(70,349)	(70,349)
Reinsurance outwards	-	(20,043)	(20,043)
Operating expenses	(3,069)	(79,028)	(82,097)
Increase/(decrease) in policy liabilities	24,498	45,110	69,608
Finance costs	-	(7,967)	(7,967)
Operating surplus before tax	**8,706**	**11,635**	**20,341**
Income tax expense	(5,767)	15,587	9,820
Operating surplus after tax	**2,939**	**27,222**	**30,161**
Minority interest	-	217	217
Operating surplus after tax	**2,939**	**27,439**	**30,378**

34 Other Information

Segmented Information
The consolidated entity operates in New Zealand as a life insurance Company under the Life Insurance Act 1908

The registered office of the company is:
Asteron House, 139 The Terrace, Wellington, New Zealand
Mailing Address: PO Box 894, Wellington, New Zealand
Phone: (04) 495 8837
Fax: (04) 470 8921
email: administration@asteron.co.nz

New Zealand Companies Office details:
Company Number: 18153
Incorporated: 30 January 1904

KPMG

Audit report

To the shareholder of Asteron Life Limited

We have audited the financial statements on pages 2 to 55. The financial statements provide information about the past financial performance and financial position of the company and group as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 15.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Partners and employees of our firm may deal with the company and group on normal terms within the ordinary course of trading activities of the business of the company and group. These matters have not impaired our independence as auditors of the company and group. The firm has no other relationship with, or interest in, the company or any of its subsidiaries.

KPMG

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 2 to 55:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the company and group as at 30 June 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 7 September 2009 and our unqualified opinion is expressed as at that date.

KPMG

Auckland