Appendix 4E
Full year report
IOOF HOLDINGS LTD

ABN 49 100 103 722

1. Reporting Period	**30 June 2011**

Previous reporting period 30 June 2010

2. Results for announcement to market

	$'000	**% change from previous corresponding period**
Revenue from Shareholder activities [(1)]	642,649	up 3%
Life insurance revenue	85,260	up 21%
Profit from ordinary activities after tax attributable to members	99,489	up 29%
Net profit for the period attributable to members	99,489	up 29%
Underlying Net Profit After Tax (pre-amortisation) [(2)]	111,450	up 15%

		Amount per share (cents)	**Franked amount per share (cents)**
Final dividend for the year ended 30 June 2010			
Paid:	13 October 2010	18.0	18.0
Interim dividend for the year ended 30 June 2011			
Paid:	23 March 2011	21.0	21.0
Final dividend for the year ended 30 June 2011			
Record date:	7 September 2011		
To be paid:	20 October 2011	22.0	22.0

[(1)] Revenue from Shareholder activities excludes those revenues attributable to the activities of the consolidated benefit funds of IOOF Ltd.

[(2)] Underlying Net Profit After Tax (UNPAT) pre amortisation excludes the impact of amortisation of intangible assets, income tax benefit from acquisition accounting, profit on transfer of life policies and restructuring costs (pcp: amortisation of intangible assets, income tax benefit from acquisition accounting, profit on disposal of shares and restructuring costs).

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2011

The net profit attributable to members of the Company for the year ended 30 June 2011 was $99.5 million (30 June 2010: $77.4 million). Underlying net profit after tax ("UNPAT") pre amortisation was $111.5 million (30 June 2010: $97.2 million).
The Group's Funds Under Management, Administration and Supervision (FUMAS) were $106.3 billion as at 30 June 2011, an increase of $7.2 billion, from $99.1 billion at 30 June 2010. This movement is primarily a result of increases in the market value of the assets underpinning FUMAS and positive flows to the Group's actively marketed products.

There have also been gains in cost efficiency achieved through the additional scale of business activity and concerted cost reduction programs. The Group's operating costs as a percentage of management & service fees and other revenue, less service fees paid, was 51% excluding the Ord Minnett subsidiary group (30 June 2010: 55%).

3. Net tangible assets

	30 June 2011 (cents)	30 June 2010 (cents)
Net tangible assets per share	65.2	51.4

4. Entities over which control has been gained or lost

There were no entities over which control has been gained or lost during the period.

5. Dividends

	Amount $'000	Cents per share	% Franked
Final dividend for the year ended 30 June 2010	41,443	18.0	100%
Interim dividend for the year ended 30 June 2011	48,492	21.0	100%
Final dividend for the year ended 30 June 2011	51,019	22.0	100%
Record date for determining entitlements to dividends	7 September 2011		
Date for payment of final dividend	20 October 2011		

IOOF Holdings Ltd - Appendix 4E for the year ended 30 June 2011

6. Dividend reinvestment plans

The Company does not operate a dividend reinvestment plan.

7. Details of associates and joint venture entities

	Ownership interest held at the end of period		Contribution to net profit	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Equity accounted associates				
Perennial Value Management Ltd *	52.4	52.4	9,053	7,564
Other associates			148	24
			9,201	7,588

* Due to voting rights associated with different classes of shares in Perennial Value Management Ltd, 52.4% ownership interest does not result in control as defined by AASB 127 *Consolidated and Separate Financial Statements*.

8. Earnings per share

	30 June 2011 (cents)	30 June 2010 (cents)
Basic earnings per share	43.1	33.7
Diluted earnings per share	42.9	33.6

	30 June 2011 No. '000	30 June 2010 No. '000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	230,676	229,922
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	231,910	230,914

At 30 June 2011, 1,164,122 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would not have been dilutive.

9. Other

The information contained in this Appendix 4E is based on the 30 June 2011 Annual Financial Report of IOOF Holdings Ltd and its subsidiaries, which have been subject to review by our external auditors. The financial statements are not subject to qualification. A copy of the financial statements is attached.

Further information regarding IOOF and its business activities can be obtained at www.ioof.com.au

IOOF Holdings Ltd

ABN 49 100 103 722

30 June 2011

Annual Financial Report

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The Directors present their report together with the financial report of IOOF Holdings Ltd (the "Company" or "Parent") and of the Group, being the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2011 and the auditor's report thereon.

Directors

The Directors of the Company during or since the end of the financial year are:

Name
Mr Ian Blair (Chairman)
Mr Christopher Kelaher (Managing Director)
Mr Ian Griffiths
Ms Jane Harvey
Mr James Pfeiffer (retired 30 June 2011)
Dr Roger Sexton
Mr George Venardos

All Directors held office during and since the end of the financial year, unless otherwise noted.

Principal activities

The principal continuing activities of the Group during the financial year consisted of:

- financial advice and distribution;
- platform management & superannuation administration;
- investment management; and
- trustee services including estate planning and corporate trust.

Review of operations

In accordance with current Australian accounting standards, the audited financial results of the benefit funds of IOOF Ltd are included in the consolidated results of the Group. The inclusion of the benefit funds has a minimal impact on the profit for the year, but results in offsetting pre-tax profit and income tax amounts not available to shareholders. The following table provides a reconciliation between the reported results of the Group and underlying net profit after tax (UNPAT) pre-amortisation, with the results of the benefit funds excluded. In calculating its UNPAT pre amortisation, the Group reverses the impact on profit of certain, predominantly non cash, items to enable a better understanding of its operational result.

Shareholders can receive the more detailed results presentation by visiting the Company website at www.ioof.com.au

	Note	2011 $'000	2010 $'000
Profit attributable to Owners of the Company		**99,489**	**77,371**
Underlying net profit after tax pre-amortisation (UNPAT) adjustments:			
Reverse the impact of:			
Amortisation of intangible assets	9	17,980	17,905
Termination payments	9	1,296	7,874
Retention incentive payments	9	208	945
Onerous lease contract expense	9	-	3,082
Amortisation of deferred tax liability recorded on intangible assets	11	(2,966)	(3,822)
Profit on disposal of Macarthur Cook investments (inc tax effect)		-	(1,745)
Profit on life policy transfer	8	(220)	-
Reinstatement of Perennial non-controlling interests		(3,952)	(1,755)
Income tax attributable		(385)	(2,689)
Underlying net profit after tax (UNPAT) pre-amortisation		**111,450**	**97,166**

The Group's Funds Under Management, Administration and Supervision (FUMAS) were $106.3 billion as at 30 June 2011, an increase of $7.2 billion, from $99.1 billion at 30 June 2010. This movement is primarily a result of increases in the market value of the assets underpinning FUMAS and positive flows to the Group's actively marketed products.

Basic earnings per share increased from 33.7 cents per share in the year to 30 June 2010 to 43.1 cents per share for the year to 30 June 2011.

Shareholder returns

	2011	2010	2009	2008	2007
Profit attributable to owners of the Company ($'000s) *	99,489	77,371	9,044	24,286	26,476
Basic EPS (cents per share) *	43.1	33.7	7.4	35.6	41.5
Diluted EPS (cents per share) *	42.9	33.6	7.3	35.1	40.8
UNPAT	93,470	79,261	49,100	25,900	29,300
UNPAT EPS (cents per share)	40.5	34.5	21.4	37.9	46.8
Dividends paid ($'000s)	89,935	78,197	10,350	22,763	19,153
Dividends per share (cents per share)	39.0	34.0	15.0	33.0	30.0
Share price at start of year	$ 5.99	$ 4.04	$ 5.10	$ 10.19	$ 8.50
Share price at end of year	$ 6.60	$ 5.99	$ 4.04	$ 5.10	$ 10.19
UNPAT pre-amortisation	111,450	97,166	59,900	27,400	29,300
Return on equity (non-statutory measure)	12.9%	11.4%	11.3%	14.1%	16.8%

* Profit attributable to owners of the Company for 2007 to 2011 have been calculated in accordance with Australian Accounting Standards (AASBs). These include restatement for the change in accounting policy for recognition of revaluation adjustments of Perennial share buy-back liabilities to reserves rather than profit or loss.
Returns to shareholders increase through both dividends and capital growth. Dividends for 2011 and prior years were fully franked.

Dividends

In respect of the financial year ended 30 June 2011, the Directors declared the payment of a final dividend of 22.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 20 October 2011. The dividend will be paid to all shareholders recorded on the Register of members on 7 September 2011.

The Directors declared the payment of an interim dividend of 21.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares paid on 23 March 2011.

In respect of the financial year ended 30 June 2010, a final dividend of 18.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 13 October 2010.

Future developments

The Directors are continuing to examine further growth strategies to maximise shareholder wealth. The Directors believe, on reasonable grounds, that to include further information, other than as disclosed below in events occurring after balance sheet date, and the expected results of those operations in subsequent financial years would be likely to result in unreasonable prejudice to the Group. Accordingly, no further information has been included in this report.

Events occurring after balance sheet date

The Directors have declared the payment of a final dividend of 22.0 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid in October 2011.
On 27 June 2011, the Company announced that the Company and Deakin Financial Group (DKN) had entered into an agreement under which the Company, through a wholly owned subsidiary, proposes to acquire DKN via a scheme or arrangement. The arrangement to acquire 100% of shares not already owned by the Group for $0.80 cash is subject to DKN shareholder approval and as a result, no amounts have been recognised in the profit or loss or financial position of the Group at balance date. If accepted, the total consideration payable to shareholders is estimated at $94 million.

The funds to be provided by the Company will be sourced from existing cash reserves and an undrawn facility arrangement with the Commonwealth Bank of Australia (CBA) (Loan Facility). The Company and the CBA have entered into a loan commitment letter and term sheet in relation to the Loan Facility. Under the Loan Facility, CBA has agreed to provide funding up to $75 million for the purpose of the Company satisfying the Group's obligations under the Scheme (including the payment of the aggregate scheme consideration).
The right of the Company to access funds under the Loan Facility is subject to certain conditions which will need to be satisfied or waived by CBA. The interest and establishment costs associated with the Loan Facility are on commercial terms.
The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

(a) the Group’s operations in future financial years,
(b) the results of those operations in future financial years, or
(c) the Group’s state of affairs in future financial years.

Environmental regulation

The Group is not subject to significant environmental regulation.

Non-audit services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

- fees earned from non-audit work undertaken by KPMG are capped at 1.0 times the total audit fee;
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

	Amount paid/payable	
Non-audit service	**2011**	**2010**
Taxation services	332,880	446,680
Consultancy services	87,292	51,772
Total	420,172	498,452

Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 23 of the Annual Report and forms part of the Directors' Report for the financial year ended 30 June 2011.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Annual Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated. The amounts disclosed in the Directors' Report (with the exception of the Remuneration Report) are rounded off to the nearest thousand dollars but expressed in whole dollars, unless otherwise indicated.

Information on Directors

Mr I Blair OAM, MMgt, FCA.

Chairman - Non-Executive Director. Age 64.

Experience and expertise

Non-Executive Director of IOOF Holdings Ltd since 2002.
Extensive experience in the fields of finance, accounting, audit and taxation with accounting firm Deloitte Touche Tohmatsu. Responsible for management of Deloitte as Managing Partner and CEO between 1989 and 1997.

Other current directorships

- Capral Ltd (Director since 2006).

Special responsibilities

- Group Chairman of IOOF Holdings Ltd since 2005.
- Ex officio Status of all Board Committees.
- Chairman of the Remuneration and Nominations Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 9,677 ordinary shares held directly.
- 25,412 ordinary shares held indirectly.

Dr R Sexton AM B.Ec. (Hons), M.Ec. Ph.D (Econ), FAICD, FAIM. SFFin, C. P Mgr, C.Univ

Deputy Chairman - Non-Executive Director. Age 61.

Experience and expertise

Non-Executive Director of IOOF Holdings Ltd since 2002.
Over twenty years experience in senior management in finance and the investment banking industry and a specialist in the areas of corporate reconstruction, mergers and acquisitions, and asset management. Dr Sexton is also a member of the Australian Accounting Standards Board.

Other current directorships

- TWT Group Limited (Director since 2008).

Former directorships in the last 3 years

- Yanghao International Limited (Chairman from 2008 - 2011)

Special responsibilities

- Member of the Remuneration and Nominations Committee.
- Member of the Audit Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 22,313 ordinary shares held directly.
- 19,666 ordinary shares held indirectly.

Information on Directors (continued)

Mr C Kelaher B.Ec, LL.B, F Fin.

Managing Director. Age 56.

Experience and expertise

Managing Director of IOOF Holdings Ltd and antecedent companies Australian Wealth Management Ltd and Select Managed Funds Ltd since 1997.

More than 20 years experience in investment management and business development. Mr Kelaher was responsible for business management, strategic marketing and sales growth in Australia at Citicorp. He also performed an important role in the establishment of Citicorp Investment Management/Global Asset Management in Australia and establishing its New Zealand business.

Other current directorships

- DKN Financial Group Ltd (Director since 2004).

Former directorships in the last 3 years

- Australian Wealth Management Limited (Managing Director from 2006 to 2009).

Special responsibilities

- Managing Director of the IOOF Group from 30 April 2009.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 4,244,818 ordinary shares held directly.

Mr I Griffiths C.Acc, DipAll, FAICD.

Non-Executive Director. Age 57.

Experience and expertise

Non-executive Director of IOOF Holdings Ltd since April 2009.

More than 30 years experience in the financial and superannuation industries. A superannuation administration and business consulting career commencing with AMP in 1972. He has extensive industry knowledge and skills, particularly in operations, mergers and acquisitions.

Former directorships in last 3 years

- Australian Wealth Management Limited (Director from 2006 to 2009).

Special responsibilities

- Member of the Remuneration and Nominations Committee.
- Member of the Audit Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 4,280,280 ordinary shares held directly.

Ms J Harvey B.Com, MBA, FCA, FAICD.

Independent Non-Executive Director. Age 56.

Experience and expertise

Non-executive Director of IOOF Holdings Ltd since 2005.

More than 30 years experience in financial and advisory services, governance and risk management. Ms Harvey is a member of the Australian Institute of Company Directors Reporting Working Party and was formerly a Partner at PricewaterhouseCoopers.

Former directorships in last 3yrs

- Boom Logistics Limited (Director from 2005 to 2009).

Special responsibilities

- Chairman of the Audit Committee.
- Member of the Risk and Compliance Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 10,567 ordinary shares held indirectly.

Information on Directors (continued)

Mr J Pfeiffer BA, LLB.

Independent Non-Executive Director. Age 64.

Experience and expertise

Non-Executive Director of IOOF Holdings Ltd since 2005.
Experience in both corporate governance and risk management. Former Partner of Freehills for 25 years practising in the areas of corporate/commercial law.

Special responsibilities

- Member of the Risk and Compliance Committee.
- Member of the Audit Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 32,796 ordinary shares held indirectly.

Mr G Venardos BComm, FCA, FCIS, FAICD, FTIA.

Independent Non-Executive Director. Age 53.

Experience and expertise

Non-Executive Director of IOOF Holdings Ltd since April 2009.
More than thirty years experience in financial services with senior executive experience in finance, IT, funds management, reinsurance and corporate services. His former roles include that of Group Chief Financial Officer of Insurance Australia Group Ltd (from 1998 to 2008), Chairman Finance and Accounting Committee of The Insurance Council of Australia (from 1998 to 2008) and Group Director of Finance of Legal and General Australia (from 1986 to 1998).

Other current directorships

- Bluglass Ltd (Non-executive Chairman from 2008).
- Ardent Leisure Group Ltd (Director from 2009).

Former directorships in last 3yrs

- Director of Australian Wealth Management Limited (from 2008 to April 2009).
- Director of IAG Finance (New Zealand) Ltd (from 2004 to 2008).

Special responsibilities

- Chairman of the Risk and Compliance Committee.
- Member of the Remuneration and Nominations Committee.

Shares in IOOF Holdings Ltd (as at the date of this report)

- 20,013 ordinary shares held directly.

Company secretary

Ms Danielle Corcoran was appointed to the position of Company Secretary on 14 May 2009. Ms Corcoran previously held the position of Company Secretary of Australian Wealth Management Limited prior to its acquisition by the Company and prior to that she held similar positions with other listed companies. Ms Corcoran is also Head of Human Resources for the Group.

Directors' meetings

Director	Directors Meetings		Committee Meetings					
			Remuneration Committee		Audit Committee		Risk and Compliance Committee	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
I Blair	14	14	5	5	n/a	n/a	n/a	n/a
R Sexton	14	12	5	5	5	4	n/a	n/a
I Griffiths	14	13	5	5	5	5	n/a	n/a
J Harvey	14	13	n/a	n/a	5	5	3	3
C Kelaher	14	14	n/a	n/a	n/a	n/a	n/a	n/a
J Pfeiffer	14	12	n/a	n/a	5	4	3	2
G Venardos	14	13	5	5	n/a	n/a	3	3

Unexercised options over shares, performance rights and deferred shares

At the date of this report unexercised options over shares of the Company under option, deferral arrangements and performance rights are:

Options		
Expiry date	Number of options #	Exercise price per option $
27 Nov 11	675,000	9.89
30 Nov 11	134,048	5.52
2 Aug 12	75,000	3.15
22 Nov 12	134,048	9.99
30 Jun 13	339,122	9.36
2 Aug 13	150,000	5.68
15 Feb 14	53,619	2.98
16 Jun 14	26,809	3.73
2 Aug 14	150,000	7.40
30 Jun 15	1,925,000	6.14
27 Nov 15	316,624	5.20
4 May 16	500,000	7.01
23 Nov 16	300,000	6.93
1 Jul 17	300,000	6.81
	5,079,270	

Performance rights	
Vesting date	Number of rights
1 Dec 11	41,614
30 Jun 12	121,313
31 Jul 12	2,500
27 Nov 12	75,000
1 Dec 12	32,970
30 Jun 13	5,000
31 Jul 13	1,250
23 Nov 13	75,000
27 Nov 13	37,500
1 Jul 14	75,000
23 Nov 14	37,500
27 Nov 14	37,500
1 Jul 15	37,500
23 Nov 15	37,500
1 Jul 16	37,500
	654,647

Deferred shares	
Vesting date	Number of shares
1 Jul 12	55,813
	55,813

The Board has the discretion to either purchase shares on market or to issue new shares. Shares allocated on vesting will rank equally with all other ordinary shares on issue.

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition, the ability to exercise options is conditional on service and performance hurdles as detailed in section 6 of the Remuneration Report.

These options, performance rights and deferred shares do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Indemnification and insurance

Rule 84 of the IOOF Holdings Ltd Constitution requires the Company to indemnify to the extent permitted by law, each Director and Secretary against liability incurred in, or arising out of the conduct of the business of the Company or the discharge of the duties of the Director or Secretary. The Directors and Secretary named in this Directors Report have the benefit of this requirement, as do individuals who formerly held one of those positions.

In accordance with this requirement the Company has entered into Deeds of Access, Indemnity and Insurance (Deeds of Indemnity) with each Director. During the financial year, the IOOF Group paid insurance premiums to insure against amounts that the IOOF Group may be liable to pay the Directors, and Secretary pursuant to Rule 84. The insurance policy also insures the Directors and Secretary of the Company and its controlled entities, and the general officers of each of the companies in the Group. Details of the amount of the premium paid in respect of the insurance contract have not been disclosed as such disclosure is prohibited under the terms of the contract.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage to themselves or someone else or to cause detriment to the Company.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Remuneration Report (Audited)

Remuneration Report (Audited) (continued)

1. Remuneration and Nominations Committee

Committee members

Mr Ian Blair (Chairman)
Mr Ian Griffiths
Mr George Venardos
Dr Roger Sexton

Role of the Committee

The role of the Remuneration and Nominations Committee is to ensure that a coherent reward framework is in place within the Group. This framework considers the adequacy of remuneration policy and practices and includes:

a) Determination of Managing Director and Senior Executive remuneration arrangements;
b) Remuneration policy and structures applicable to Non-Executive Directors;
c) Ensuring that succession planning and development plans are in place for Senior Executives;
d) On-going review and monitoring of short-term and long-term incentive schemes;
e) Assessment of Managing Directors' performance against company performance;
f) Industrial agreements and the overall compensation arrangements of the Group; and
g) Ongoing review of the composition, skill base and performance of the Non-executive Director component of the Board.

2. Key management personnel

The purpose of the remuneration report is to set out the remuneration arrangements for Key Management Personnel and the five most highly paid senior executives of the Group in accordance with AASB 124 Related Party Disclosures and section 300A of the Corporations Act 2001.
The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001 unless otherwise stated.

Name	Position
Non-Executive Directors	
Mr Ian Blair	Chairman
Mr Ian Griffiths	Non-Executive Director
Ms Jane Harvey	Non-Executive Director
Mr James Pfeiffer	Non-Executive Director (retired 30 June 2011)
Dr Roger Sexton	Non-Executive Director
Mr George Venardos	Non-Executive Director
Executive Director	
Mr Christopher Kelaher	Managing Director
Senior Executives	
Mr Stuart Abley	Head of Consultum Financial Services
Mr Michael Carter	Head of Advice Division
Mr David Coulter	Chief Financial Officer
Mr Stephen Merlicek	Chief Investment Officer
Mr Renato Mota	General Manager Distribution
Mr Gary Riordan	Group General Counsel & General Manager Trustee Services
Other Specified Executives [1]	
Mr Anthony Patterson	Managing Director – Perennial Investment Partners Ltd
Mr Karl Morris	Executive Chairman of Ord Minnett Group (70% owned subsidiary)
Mr Tim Gunning	Chief Executive Officer of Ord Minnett Group (70% owned subsidiary)

[1] Remuneration report disclosures include key management personnel and the five most highly remunerated executives. Other specified executives, as set out in the table above, are not considered key management personnel.
Accordingly these employees have not been included in key management personnel disclosures in note 33 of the financial report.

Remuneration Report (Audited) (continued)

3. Remuneration policies

The objective of these policies is to attract and retain high calibre talent and to provide both 'fixed' and 'at risk' remuneration arrangements that reflect their contribution to the performance of the Company and take into account market benchmarks and the pay environment, under the direction of the Remuneration and Nominations Committee, or in the case of Ord Minnett and Perennial, the separately constituted boards of these companies.

The Remuneration Committee engages external and independent remuneration consultants from time to time to perform reviews and benchmarking exercises to assess remuneration levels paid to Directors (both Executive and Non-Executive) and Senior Executives to ensure that the Company remains competitive with relevant competitors in the financial services sector, and the broader spectrum of public companies of similar size, revenue and profitability. Remuneration policies and arrangements are also reviewed and, where appropriate, updated to reflect relevant changes in legislation and regulation.

Executive remuneration

Executive remuneration includes a number of components including total fixed remuneration (TFR), short term incentive (STI) opportunity, deferred STI (for the Managing Director) and long term incentives (LTI) in the form of deferred shares, performance rights and options over ordinary shares. Each of these forms of remuneration is described in detail below.

Total fixed remuneration

TFR includes a combination of base salary, superannuation and other fringe benefits that an individual employee could choose to salary sacrifice (e.g., superannuation, motor vehicle). TFR is based on what is appropriate to the position, taking into consideration expertise, accountability, knowledge, experience, job environment, independence and market competitiveness.

Short term incentive opportunity

The STI is a cash-based incentive forming part of the executive's Total Incentive Compensation opportunity, the value of which is tied to the successful achievement of a set of performance scorecard objectives (including financial and strategic objectives) for the annual performance period. Select individuals also had a deferred component to their STI incentive (detailed further below). STI opportunities vary for each individual. For the Managing Director, the maximum STI is around 70% of base salary. The other executives' maximum STI opportunity is 30% with the exception of Mr Merlicek who has up to 100% if additional Key Performance Indicators (KPIs) on the performance of the investment management business are satisfied.

Goals for each participant are drawn from the following categories:

- Financial measures
  Performance measures include Underlying Profit After tax, Total Shareholder Return and Return on Equity

- Business excellence
  Performance measures for the year ended 30 June 2011 included operational targets such as long-term structural reductions to the cost base of the Group, balance sheet and liquidity initiatives and improvements to the performance of business units.

- Strategy
  Implementation of specific longer-term strategic initiatives including platform consolidation and product rationalisation.

Deferred short term incentives

The deferred element of Managing Director's Chris Kelaher's remuneration is described in detail in the next section of this report.

Long term incentives

The Board considers a long-term performance-related incentive component to be an important element of the executive reward framework. IOOF utilises equity based incentives in the form of deferred shares, performance rights and options over ordinary shares. The purpose of equity based remuneration is to:

- drive medium to long-term performance outcomes;
- link the interest of senior management to those of shareholders;
- provide competitive rewards to attract and retain employees;
- strengthen the link between remuneration and performance; and
- reward senior management for improvements in the Group's performance when measured against a range of factors, including internal and external measures and measures against peers.

Early vesting may occur in certain circumstances, subject to the performance hurdle being achieved:

- On a person/entity acquiring more than 20% of the voting shares in the Company pursuant to a takeover bid that has become unconditional;
- On the termination of employment due to death or permanent disability; or
- In other circumstances where the Board determines appropriate. (note: such discretion has never been exercised by the Board and would require exceptional circumstances).

The LTI element of Managing Director's Chris Kelaher's remuneration is described in detail in the next section of this report.

Hedging of unvested securities

The IOOF Securities and Insider Trading Policy contains a restriction on executives and other employees entering into a hedging transaction to remove the 'at risk' aspect of securities that have been granted to them as part of their remuneration package and which have not vested subject to performance conditions and/or which are still subject to forfeiture conditions. Employees are provided with a copy of this policy and are required to provide annual certification that they have complied with the policy. Failure to comply with the policy could result in disciplinary action, including forfeiture of the securities, suspension or termination of employment.

4. Managing director's remuneration

Terms of appointment

Mr Kelaher is employed under an unlimited duration service agreement. Under that agreement, Mr Kelaher receives fixed remuneration, a short-term incentive component, and an equity-based long-term incentive component, as discussed below. The fixed and short term incentive components of Mr Kelaher's remuneration are subject to annual review by the Board. There are various performance and vesting conditions attached to the remuneration provided to Mr Kelaher under the terms of his agreement.

Mr Kelaher can terminate his employment by giving IOOF three (3) months' written notice. The Board can waive the requirement for him to serve out part or all of the notice period, although he would be entitled to the fixed remuneration for that portion of the notice period not served out. Any unvested incentives at the date of termination would lapse.

The Company can terminate Mr Kelaher's employment at any time by giving twelve (12) months' written notice, or the Company can elect to make payment of fixed remuneration in lieu of part or all of the notice period that he is not required to serve out. The proportion (if any) of the short-term incentive and any unvested long-term incentives to which Mr Kelaher will be entitled in this event is at the discretion of the Board.

In the event Mr Kelaher's employment is terminated (except in the circumstances of misconduct), he will be paid an entitlement equal to twelve (12) months' fixed remuneration plus unpaid leave entitlements, and an amount to reflect a pro-rated entitlement to STI for the period.

Remuneration

The remuneration of Mr Kelaher is set by the Board and is based on a market review of the level of remuneration required to attract and retain a high calibre individual suitable for the role. During the financial year ended 30 June 2011, Mr Kelaher received a remuneration package comprising fixed remuneration of $990,000 including $60,000 Director's fees paid directly by DKN Financial Group Limited. Mr Kelaher was entitled to a total STI opportunity of up to a maximum of $680,000 based on achievement of superior performance against set targets determined by the Remuneration and Nominations Committee. In July 2011 the Remuneration and Nominations Committee assessed Mr Kelaher's performance against those targets and determined an STI amount of $612,000.

In terms of his remuneration arrangements, the STI opportunity was settled two thirds by cash and a third in the form of deferred shares. The number of deferred shares granted to Mr Kelaher was determined on the basis of the STI deferral amount divided by the five day Volume Weighted Average Price up to and including 30 June 2011, which was $6.4366. The number of deferred shares to be issued accordingly is 31,694 (capped at 75,000 annually) and there is no consideration payable for the grant of the deferred shares.
The deferred shares are to vest in July 2012 subject to a Board 'look back' arrangement.

The Board has determined that the portion of STI that will be deferred will be subject to Board 'look back' arrangements. This means the Board will conduct a review of Group performance in June 2012 and assess whether any significant unexpected or unintended consequences have occurred that were not foreseen by the Remuneration & Nominations committee when it made its decision in July 2011, and whether it is still appropriate to award the deferred shares.

During June 2011, the Remuneration & Nominations Committee performed a 'look back' review in regards to the 24,119 deferred shares issued in July 2010. The Committee determined that all of the deferred shares were to vest in accordance with the terms of the arrangement. The 24,119 shares have since been transferred to Mr Kelaher.

Performance rights and share options

As approved at the Annual General Meeting (AGM) of shareholders on 23 November 2010, Mr Kelaher is entitled to participate in an LTI program offering a maximum reward opportunity of 150,000 performance rights and 300,000 options in respect of the 2010/11 and 2011/12 financial years.

Following shareholder approval, 150,000 performance rights and 300,000 share options were granted to Mr Kelaher on 23 November 2010 in relation to the 2010/11 financial year. An additional 150,000 performance rights and 300,000 share options were granted to Mr Kelaher on 1 July 2011.
The performance rights and share options will be subject to a three year performance period commencing on the date of grant. They will vest after the performance period and be exercisable in the following manner:

- 50% on the third anniversary of the grant date;
- 25% on the fourth anniversary of the grant date; and
- 25% on the fifth anniversary of the grant date.

The exercise period will lapse 12 months after the fifth anniversary of the relevant grant date.
The Board has the discretion to either purchase shares on market or to issue new shares.

Performance rights – performance hurdles

The Board has determined that this element of the plan will not activate unless a minimum average Return on Equity (ROE) of 5.5% per annum over the performance period has been achieved. The performance hurdle of the performance rights will be based on the Company's Total Shareholder Return (TSR) relative to a comparator group comprising the ASX200 index companies over the performance period.

the Board determined that the comparator group for the 2010 and future grants should be the ASX200. This comparator group provides an objective measure of performance across a range of industries and company types which compete with the Group for capital. The Board reserves the right to make changes to the peer group to allow for changing circumstances (e.g. takeover) for peer group companies.

TSR measures the return to the shareholder over the performance period in terms of changes in the market value of the shares plus the value of the dividends paid on the shares.

Performance rights that do not vest will lapse and will not be retested. Consistent with the Company's hedging policy, Mr Kelaher will be prohibited from entering into hedging arrangements in respect of unvested performance rights.

Upon exercise of the performance rights, shares will be allocated to Mr Kelaher. Shares allocated to Mr Kelaher will rank equally with all other ordinary shares on issue. Any dealing in shares resulting from performance rights that have been exercised will be subject to IOOF's Securities and Insider Trading Policy.

Remuneration Report (Audited) (continued)

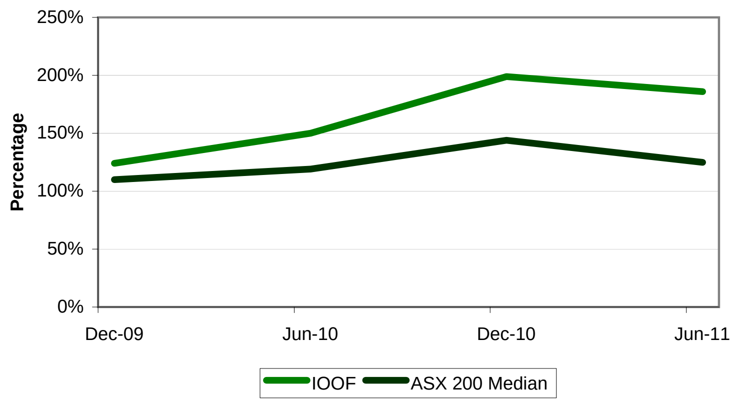
4. Managing director's remuneration (continued)

Performance rights – performance hurdles (continued)

The percentage of performance rights that will vest at the end of the three year performance period each year will be determined by reference to the level of TSR performance of the Company over the vesting period compared with the performance of the comparator group as follows:

Relative TSR performance	% of performance rights vesting
At or above 75th percentile	100%
At or above median	50%
Between median and 75th percentile	Progressive vesting on a straight line basis, such that 2% of LTI awards vest for each 1% ranking increase from 50th percentile.
Below median	0%

Cumulative TSR Performance



Share options – performance hurdles

The options issued to Mr Kelaher have an exercise price of $6.93, calculated as the three month Volume Weighted Average Share Price up to and including the date of grant, being 23 November 2010.

Shareholders approved that this element of the plan will not activate unless a minimum average ROE of 5.5% per annum over the performance period has been achieved. The performance hurdle for vesting of the options is a pre-determined target growth in Earnings per Share (EPS) over the performance period.

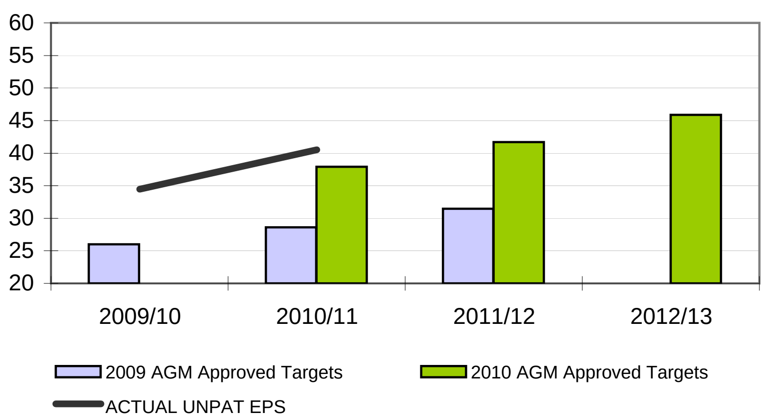
The EPS target will be compound growth of 10% per annum in each financial year 2010-11, 2011-12 and 2012-13 from a base point of 34 cents per share, being the final actual EPS figure for financial year 2009/10.

EPS for the purposes of the hurdle will be calculated on the basis of post-acquisition purchase price allocation Underlying Net Profit After Tax divided by average shares on issue during the year.

Share options that do not vest will lapse and not be retested. Consistent with the Company's hedging policy, Mr Kelaher will be prohibited from entering into hedging arrangements in respect of unvested share options.

Upon exercise of the share options (including payment of the exercise price) Mr Kelaher will be allocated one ordinary share in the Company for each option exercised. Shares allocated to Mr Kelaher will rank equally with all other ordinary shares on issue. Any dealing in shares resulting from share options that have been exercised will be subject to IOOF's Securities and Insider Trading Policy.

UNPAT Earnings Per Share



Remuneration Report (Audited) (continued)

4. Managing director's remuneration (continued)

Change of control and cessation of employment

The Board has determined that, if there is a change of control, any unvested LTIs may vest subject to the approval of the Board. If the Board so determines, any unvested performance rights and share options may become exercisable.

Except where employment is terminated for serious misconduct, Mr Kelaher may be entitled to receive any LTIs that have vested as at the date of termination. On cessation of employment, unvested LTIs will be dealt with as follows:

Reason for termination	Treatment of unvested LTIs
Termination of employment by IOOF by notice	The Board has discretion to waive the performance hurdles or determine that the proportion (if any) of unvested LTIs that will vest
Termination of employment by IOOF for cause	Unvested performance rights and share options are forfeited
Resignation by Mr Kelaher	The Board has discretion to waive the performance hurdles or determine that the proportion (if any) of unvested LTIs that will vest
Dismissal for serious misconduct (eg fraud)	Unvested performance rights and share options are forfeited

Remuneration for the Year Ended 30 June 2012

The Board, on the advice of the Remuneration and Nominations Committee has increased the Managing Director's fixed annual remuneration to $1,090,000 (including $65,000 Directors fees paid from DKN Financial Group Ltd) for the year to 30 June 2012. The Managing Director's Short Term Incentive (STI) opportunity for the year to 30 June 2012 has also been increased to 80% of base remuneration from $680,000 to $870,000. The STI terms will be the same as for the 2010/11 year, with specific performance hurdles. The STI deferral arrangements remain unchanged with two thirds of the STI award to be paid in cash shortly after the performance assessment has been completed at year end, and one third will be used to purchase company shares which will vest in July 2012 after a "look back" review in June 2012.

5. Employment contracts

Remuneration and other terms of employment for the Managing Director, Executive Directors, and Senior Executives are formalised in employment contracts.

Details of the employment contracts, as applied during the financial year, are as follows:

Executive	Term	Notice period and termination provisions/ benefits applying during the financial year ending 30 June 2011
C. Kelaher	Ongoing	The Company may terminate Mr Kelaher's employment (except for misconduct) with 12 months written notice. The Company may elect to make a payment in lieu of part or all of this notice period based on 12 months' 'total fixed remuneration' (incorporating unpaid leave entitlements, and an amount to reflect a pro-rated entitlement to STI for the period). The Board has discretion regarding treatment of unvested short and long-term incentives.
S. Abley	Ongoing	The Company may terminate Mr Abley's employment (except in the event of misconduct) by giving 5 months written notice. Mr Abley may terminate his employment by giving 1 months written notice.
M. Carter	Ongoing	The Company may terminate Mr Carter's employment (except in the event of misconduct) by giving 6 months written notice. Mr Carter may terminate his employment by giving 1 months written notice.
D. Coulter	Ongoing	The Company may terminate Mr Coulter's employment (except in the event of misconduct) by giving 6 months written notice. Mr Coulter may terminate his employment by giving 1 months written notice.
S. Merlicek	Ongoing	The Company may terminate Mr Merlicek's employment (except in the event of misconduct) by giving 6 months written notice. Mr Merlicek may terminate his employment by giving 3 months written notice.
R. Mota	Ongoing	The Company may terminate Mr Mota's employment (except in the event of misconduct) by giving a maximum of 7 months written notice depending upon the circumstances of termination. Mr Mota may terminate his employment by giving 5 weeks written notice.
A. Patterson	Ongoing	The Company may terminate Mr Patterson's employment (except in the event of misconduct) by giving 6 months written notice. Mr Patterson may terminate his employment by providing 3 months notice.
G. Riordan	Ongoing	The Company may terminate Mr Riordan's employment (except in the event of misconduct) by giving 6 months written notice. Mr Riordan may terminate his employment by providing 6 months written notice.
K.Morris	Ongoing	The Company may terminate Mr Morris's employment (except in the event of misconduct) by giving 12 months notice. Mr Morris may terminate his employment by providing 6 months notice.
T.Gunning	Ongoing	The Company may terminate Mr Gunning's employment (except in the event of misconduct) by giving 12 weeks written notice. Mr Gunning may terminate his employment by providing 12 weeks written notice.

Remuneration Report (Audited) (continued)

6. Remuneration tables

The following table sets out the remuneration received by the Executive Director, other KMP and named Senior Executives for the financial year ended 30 June 2011 and the comparative year.

		Short term employee benefits			Post-employment benefits			Share-based payment [3]		
		Salary & fees $	Bonus [1] $	Non-monetary [2] $	Super-annuation $	Termination benefits $	Other Long-term Benefits $	Options $	Shares $	Total $
Executive director										
C Kelaher	**2011**	**914,801**	**408,000**	**7,118**	**15,199**	**-**	**-**	**273,956**	**398,307**	**2,017,381**
	2010	885,539	297,000	6,803	14,461	-	-	150,476	359,178	1,713,457
Other key management personnel										
S Abley	**2011**	**305,624**	**60,000**	**6,474**	**15,199**	**-**	**-**	**134,680**	**14,529**	**536,506**
	2010	297,100	66,852	6,206	14,491	-	-	-	17,884	402,533
M Carter	**2011**	**291,376**	**60,000**	**12,441**	**15,199**	**-**	**-**	**245,985**	**-**	**625,001**
	2010	280,852	60,179	10,664	9,148	-	-	33,653	-	394,496
D Coulter	**2011**	**294,801**	**50,000**	**-**	**15,199**	**-**	**-**	**211,610**	**-**	**571,610**
	2010	286,777	50,000	-	13,223	-	-	12,014	-	362,014
S Merlicek [4]	**2011**	**345,301**	**80,000**	**1,868**	**15,199**	**-**	**-**	**134,680**	**-**	**577,048**
	2010	247,949	70,000	5,360	10,512	-	-	-	-	333,821
R Mota	**2011**	**306,801**	**60,000**	**1,868**	**15,199**	**-**	**-**	**134,680**	**73,517**	**592,065**
	2010	298,150	63,784	806	14,350	-	-	-	97,388	474,478
G Riordan	**2011**	**368,995**	**100,000**	**-**	**15,230**	**-**	**-**	**245,280**	**-**	**729,505**
	2010	346,095	90,000	-	13,905	-	-	36,737	-	486,737
Other specified executives										
A Patterson	**2011**	**634,801**	**560,000**	**127,501**	**15,199**	**-**	**-**	**-**	**-**	**1,337,501**
	2010	621,837	200,000	10,664	14,460	-	-	-	-	846,961
K Morris [5]	**2011**	**1,426,447**	**-**	**-**	**25,000**	**-**	**-**	**-**	**-**	**1,451,447**
	2010	1,308,122	-	-	23,000	-	-	-	-	1,331,122
T Gunning [6]	**2011**	**564,447**	**468,250**	**-**	**24,100**	**-**	**-**	**-**	**-**	**1,056,797**
Total	**2011**	**5,453,393**	**1,846,250**	**157,269**	**170,723**	**-**	**-**	**1,380,871**	**486,353**	**9,494,860**
	2010	4,572,421	897,815	40,503	127,550	-	-	232,880	474,450	6,345,619

[1] The bonus reflects amounts provided under the short-term incentive program in relation to the financial year with the exception of Mr Abley. Mr Abley's bonus includes an amount of $20,000 that relates to 2009/10. The bonus for Mr Abley in relation to the 2010/11 financial year is $40,000. This incentive payment amount for 2010/11 has been communicated to all participants with the exception of Mr Patterson which was considered at the August board meeting of Perennial Investment Partners Ltd, the amount above reflects an estimate only. One third of the bonus awarded to Mr Kelaher has been deferred into shares which will vest in July 2012, this component of the STI is included as a share-based payment. The expected payment value of the bonuses is the amount shown and includes any amounts that may be sacrificed into superannuation.
[2] Non-monetary benefits include fringe benefits tax paid and the value of other non-monetary benefits.

[3] Equity compensation includes accruals in relation to the Executive Performance Share Plan and accruals in relation to other grants of performance rights and options over shares in the Company. The value of the number of shares and options expected to vest has been apportioned over the term from grant date to vesting date.

[4] Mr Merlicek was appointed 1 October 2009 therefore the 2010 comparative remuneration represents nine months of his annual salary at that time.

[5] The remuneration for Mr Morris has been included for the comparative period as Mr Morris was in the top 5 most highly remunerated employees for that year. Mr Morris is employed by the Ord Minnett Group (70% owned subsidiary).

[6] appointed 17 November 2010 to Ord Minnett Group (70% owned subsidiary).

Remuneration Report (Audited) (continued)

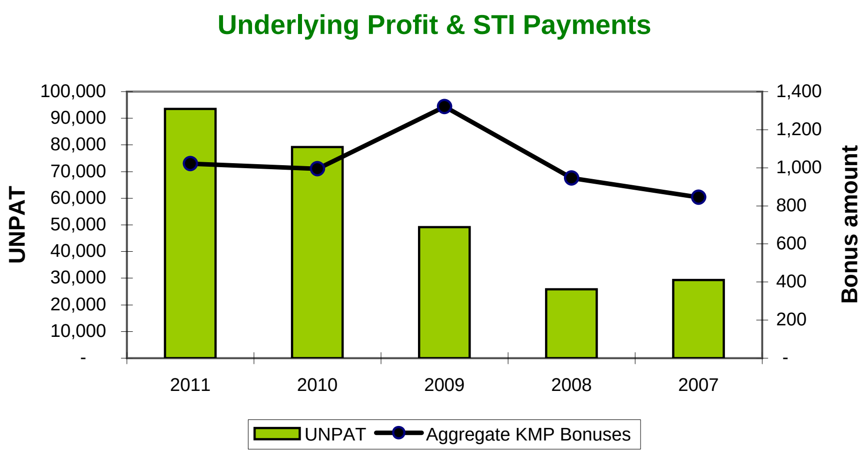
Remuneration components as a percentage of total remuneration

Remuneration components (based on annualised amounts)						
Name	Fixed		Total Incentive Compensation Award		Total Remuneration	
	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %
C Kelaher	46	53	54	47	100	100
S Abley	61	79	39	21	100	100
M Carter	51	76	49	24	100	100
D Coulter	54	83	46	17	100	100
S Merlicek	63	83	37	17	100	100
R Mota	55	66	45	34	100	100
A Patterson	58	87	42	13	100	100
G Riordan	53	74	47	26	100	100
K Morris	100	100	-	-	100	100
T Gunning	56	n/a	44	n/a	100	n/a

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current financial year and the previous four financial years.

	2011	2010	2009	2008	2007
Profit attributable to owners of the Company ($'000s)	99,489	77,371	9,044	24,286	26,476
UNPAT ($'000s)	93,470	79,261	49,100	25,900	29,300
Basic EPS (cents per share)	43.1	33.7	7.4	35.6	41.5
Share price at start of year	$ 5.99	$ 4.04	$ 5.10	$ 10.19	$ 8.50
Share price at end of year	$ 6.60	$ 5.99	$ 4.04	$ 5.10	$ 10.19
Change in share price	$0.61	$1.95	$(1.06)	$(5.09)	$1.69
Dividends paid (cents per share)	39.0	34.0	15.0	33.0	30.0
Return on equity (non-statutory measure)	12.9%	11.4%	11.3%	14.1%	16.8%
Total bonuses paid to key management personnel ($'000s)	1,022	995	1,321	945	844



STI payments prior to 2009 reflect the lower size and profitability of group prior to its acquisitions of IOOF Global One (formerly Skandia) and Australian Wealth Management in 2009. STI payments during that period were provided to a leadership team which was necessarily of approximately the same size and depth of experience as is currently employed. In 2009, the acquisitions noted previously precipitated a number of accelerated STI payments as the executive teams from each of the merging entities were reduced to avoid duplication of roles and allow for realisation of synergies. In the periods post 2009, STI payments broadly conform to the group's increased profitability and scale. As is consistent with the group's adherence to effective cost management, STI levels from 2010 to 2011 have been constrained and recognise KPIs specific to individuals rather than being rigidly tied to enhanced profitability.

Remuneration Report (Audited) (continued)

Share option component of total remuneration

The following table summarises the percentage of remuneration consisting of rights and options, value of options granted and the percentage vested and forfeited during the year to Directors and senior management:

Name	Remuneration consisting of rights and options [1]		Value at grant date [2]		% vested in year	% forfeited in year	Financial years in which grant vests
	2011 %	2010 %	2011 $	2010 $	2011	2011	
S Abley	28	4	428,090	43,628	-	-	2013
M Carter	39	9	535,112	231,000	-	-	2013
D Coulter	37	3	428,090	231,000	-	-	2013
C Kelaher	33	12	1,240,875	874,276	-	-	n/a
G Riordan	34	8	535,112	231,000	-	-	2013
R Mota	35	21	428,090	70,199	-	-	2012

[1] The percentage of the value of remuneration consisting of options, based on the value of the options expensed during the year.

[2] The value at grant date calculated in accordance with AASB 2 Share-based payment of options granted during the year as part of remuneration and accounted for over the vesting period.

Options and performance rights over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Name	Number of options granted during 2011	Grant date	Fair value per option at grant date $	Exercise price per option $	Exercise period	Number of options vested during 2011
S Abley [1]	200,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil
M Carter [1]	250,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil
D Coulter [1]	200,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil
C Kelaher [2]	300,000	23-Nov-10	2.383	6.93	23 Nov 13 - 23 Nov 16	nil
S Merlicek [1]	200,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil
R Mota [1]	200,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil
G Riordan [1]	250,000	29-Jul-10	2.517	6.14	1 Jul 13 - 30 Jun 15	nil

[1] The options vest subject to continued employment with the Group.
[2] The granting of an offer of options to Mr Kelaher were approved by shareholders at the 23 November 2010 AGM.

Details on performance rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Name	Number of rights granted during 2011	Grant date	Fair value per right at grant date	Vesting dates	Number of rights vested during 2010	Performance hurdles
C Kelaher	150,000	23-Nov-10	$ 3.51	50% - 27 Nov 2012 25% - 27 Nov 2013 25% - 27 Nov 2014	nil	TSR and ROE [1]

[1] The Board has determined that this element of the plan will not activate unless a minimum average Return on Equity (ROE) of 5.5% per annum over the performance period has been achieved. The performance hurdle of the performance rights will be based on the Company's Total Shareholder Return (TSR) relative to a comparator group comprising the ASX200 index companies per annum over the performance period. TSR measures the return to the shareholder over the performance period in terms of changes in the market value of the shares plus the value of the dividends paid on the shares.

Remuneration Report (Audited) (continued)

Options granted since the end of the financial year

In accordance with the approval obtained from shareholders at the November 2010 AGM, Mr Kelaher was issued the 2011/12 grant of share options. The exercise price was calculated as the Company's three month weighted average price up to including the date of the grant.

The following share options were approved for offer to key management personnel since the end of the financial year. These options were provided at no cost and are yet to be accepted by the recipients.

Name	Arrangement	Number of options granted	Grant date	Exercise price $	Exercise period
M Carter	Options	200,000	1-Jul-11	6.47	1 Jul 14 - 30 Jun 16
D Coulter	Options	200,000	1-Jul-11	6.47	1 Jul 14 - 30 Jun 16
C Kelaher	Options	300,000	1-Jul-11	6.81	50% 1 Jul 14 - 1 Jul 17 25% 1 Jul 15 - 1 Jul 17 25% 1 Jul 16 - 1 Jul 17
S Merlicek	Options	200,000	1-Jul-11	6.47	1 Jul 14 - 30 Jun 16
R Mota	Options	200,000	1-Jul-11	6.47	1 Jul 14 - 30 Jun 16
G Riordan	Options	200,000	1-Jul-11	6.47	1 Jul 14 - 30 Jun 16

All options expire on the earlier of their expiry date or termination of the individual's employment. The performance hurdles of the options are detailed within the Managing Director's Remuneration section of the Remuneration Report.

Exercise of performance rights and options granted as compensation

During the reporting period, the following shares were issued on the exercise of performance rights and options previously granted as compensation:

Name	Series	Grant date	Number of shares issued	Amount paid per options/ shares $
M Carter	2009-11	30-Apr-09	134,048	6.34
R Mota [(1)]	2007-01	1-Dec-07	14,657	nil
G Riordan	2009-11	30-Apr-09	53,619	6.34

[(1)] Prior to the acquisition of AWM, the performance hurdles for vesting of the performance rights was on the Group's achievement of pre-determined TSR (30%), cash EPS (30%) and continued employment with the Group (40%). As a consequence of the acquisition, in accordance with the terms of the Share Plan, the Remuneration and Nominations Committee exercised its discretion to waive the performance hurdles in respect of unvested performance rights as it is now impractical to measure performance against the hurdles on the basis established prior to the acquisition. As a result, the vesting conditions were replaced with continued employment with the Group over the performance period.
There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2011 financial year.

Short Term Incentive (STI) and Long Term Incentive (LTI) equity allocations

The following table sets out the STI and LTI equity allocation awarded or forfeited in respect of the financial year. Executives (other than the Managing Director) no longer have a fixed component of STIs or LTIs due to the discretionary nature of payments and equity allocations. Accordingly there can be no measure of amounts forfeited.

	STI		LTI	
Name	Paid %	Forfeited %	Paid %	Forfeited %
C Kelaher	90	10	n/a	n/a

There were no LTI schemes that vested during the period for which performance hurdles were required to be tested.

Remuneration Report (Audited) (continued)

Analysis of movements in deferred shares

Details on deferred ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on deferred shares that vested during the reporting period are as follows:

Name	Grant date	Vesting date	Performance hurdles	Deferred shares held at 1-Jul-10	Granted	Vested and transferred	Deferred shares held at 30-Jun-11	Vested during the year	Shares unvested at 30-Jun-11
C Kelaher	Jul-10	1-Jul-11	None [1]	24,119	-	-	24,119	-	24,119
	Jul-10	1-Jul-12	None [1]	24,119	-	-	24,119	-	24,119
	Jul-11	1-Jul-12	None [2]	-	31,694	-	31,694	-	31,694

[1] In July 2010 the Remuneration and Nominations Committee assessed Mr Kelaher's performance against key performance indicators for the 2009-10 financial year and determined an STI amount of $594,000.
In terms of his remuneration arrangements, the STI opportunity was settled 50% by cash and 50% in the form of deferred shares. The number of deferred shares granted to Mr Kelaher was determined on the basis of the STI deferral amount divided by the five day Volume Weighted Average Price up to and including 30 June 2010, which was $6.16 The number of deferred shares to be issued accordingly is 48,238 (capped at 75,000 annually) and there is no consideration payable for the grant of the deferred shares.

[2] In July 2011, the Remuneration and Nominations Committee assessed Mr Kelaher's performance against key performance indicators for the 2010-11 financial year and determined an STI amount of $612,000.
In terms of his remuneration arrangements, the STI opportunity was settled two thirds by cash and one third in the form of deferred shares. The number of deferred shares granted to Mr Kelaher was determined on the basis of the STI deferral amount divided by the five day Volume Weighted Average Price up to and including 30 June 2011, which was $6.4366. The number of deferred shares to be issued accordingly is 31,694 (capped at 75,000 annually) and there is no consideration payable for the grant of the deferred shares.

The Board has determined that the portion of STI that will be deferred will be subject to Board 'look back' arrangements. This means the Board will conduct a review of Company performance in June 2011 and assess whether any significant unexpected or unintended consequences have occurred that were not foreseen by the Remuneration & Nominations committee when it made its decision in July 2010, and whether it is still appropriate to award the deferred shares.

Analysis of movements in performance rights

Details on rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on rights that vested during the reporting period are as follows:

Name	Grant date	Vesting date	Performance hurdles	Rights held at 1-Jul-10	Granted	Vested and transferred	Rights held at 30-Jun-11	Vested during the year	Rights unvested at 30-Jun-11
S Abley	Dec-09	1-Dec-12	Service	4,623	-	-	4,623	-	4,623
	Dec-09	1-Dec-12	Cash EPS [2]	3,467	-	-	3,467	-	3,467
	Dec-09	1-Dec-12	TSR [3]	3,467	-	-	3,467	-	3,467
C Kelaher	Nov-09	27-Nov-12	TSR and ROE	75,000	-	-	75,000	-	75,000
	Nov-09	27-Nov-13	TSR and ROE	37,500	-	-	37,500	-	37,500
	Nov-09	27-Nov-14	TSR and ROE	37,500	-	-	37,500	-	37,500
	Nov-10	27-Nov-13	TSR and ROE	-	75,000	-	75,000	-	75,000
	Nov-10	27-Nov-14	TSR and ROE	-	37,500	-	37,500	-	37,500
	Nov-10	27-Nov-15	TSR and ROE	-	37,500	-	37,500	-	37,500
R Mota	Dec-07	1-Dec-10	Service [1]	14,657	-	(14,657)	-	14,657	-
	Dec-08	1-Dec-11	Service [1]	30,497	-	-	30,497	-	30,497
	Dec-09	1-Dec-12	Service	7,438	-	-	7,438	-	7,438
	Dec-09	1-Dec-12	Cash EPS [2]	5,579	-	-	5,579	-	5,579
	Dec-09	1-Dec-12	TSR [3]	5,579	-	-	5,579	-	5,579

[1] Prior to the acquisition of AWM, the performance hurdles for vesting of the performance rights was on the Group's achievement of pre-determined TSR (60%), cash EPS (20%) and return on equity (20%). As a consequence of the acquisition, in accordance with the terms of the Share Plan, the Remuneration and Nominations Committee exercised its discretion to waive the performance hurdles in respect of unvested performance rights as it is now impractical to measure performance against the hurdles on the basis established prior to the acquisition. As a result, the performance rights were deemed to have vested effective 30 April 2009.

[2] The performance rights will vest subject to the achievement of Group shareholder cash EPS in excess of 10% each year over the performance period.

[3] The performance rights will vest subject to the achievement of a pre-determined level of Company TSR relative to a comparator group comprising the ASX200 index companies.

Remuneration Report (Audited) (continued)

Analysis of movements in options

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows.

Name	Series	Exercise price	Options held at 1-Jul-10	Granted	Forfeited or lapsed	Exercised	Options held at 30-Jun-11	Vested during the year	Options unvested at 30-Jun-11	Vested and exercisable at 30-Jun-11
Key management personnel										
S Abley	2010-04	$6.14	-	200,000	-	-	200,000	-	200,000	-
M Carter	2009-06	$9.70	6,702	-	(6,702)	-	-	-	-	-
	2009-08	$9.36	13,404	-	-	-	13,404	4,021	-	13,404
	2009-11	$6.34	134,048	-	-	(134,048)	-	-	-	-
	2010-03	$7.01	100,000	-	-	-	100,000	-	100,000	-
	2010-04	$6.14	-	250,000	-	-	250,000	-	250,000	-
D Coulter	2010-03	$7.01	100,000	-	-	-	100,000	-	100,000	-
	2010-04	$6.14	-	200,000	-	-	200,000	-	200,000	-
C Kelaher	2009-09	$9.99	134,048	-	-	-	134,048	-	-	134,048
	2009-16	$5.20	316,624	-	-	-	316,624	-	316,624	-
	2010-05	$6.93	-	300,000	-	-	300,000	-	300,000	-
S Merlicek	2010-04	$6.14	-	200,000	-	-	200,000	-	200,000	-
R Mota	2010-04	$6.14	-	200,000	-	-	200,000	-	200,000	-
G Riordan	2009-05	$9.18	40,214	-	(40,214)	-	-	-	-	-
	2009-08	$9.36	53,619	-	-	-	53,619	-	-	53,619
	2009-11	$6.34	53,619	-	-	(53,619)	-	-	-	-
	2010-03	$7.01	100,000	-	-	-	100,000	-	100,000	-
	2010-04	$6.14	-	250,000	-	-	250,000	-	250,000	-
			1,052,278	1,600,000	(46,916)	(187,667)	2,417,695	4,021	2,216,624	201,071

Remuneration Report (Audited) (continued)

Analysis of movements in options (continued)

Each of the relevant details of the options series is as follows:

Series	Grant Date	Exercise Period	Vesting Date	Performance Hurdles
2009-05	30-Apr-09	Apr 09 - Jan 11	30-Apr-09	Service [(1)]
2009-06	30-Apr-09	Apr 09 - Mar 11	40% 30 Apr 09 30% 30 Sep 09 30% 30 Sep 10	Service [(1)] Service [(2)] Service [(2)]
2009-08	30-Apr-09	Apr 09 - Jun 13	70% 30 Apr 09 30% 30 Sep 10	Service [(1)] Service [(2)]
2009-11	30-Apr-09	Jun 09 - Jul 11	50% 30 Jun 09 50% 30 Jun 10	Service [(2)]
2009-09	30-Apr-09	Apr 09 - Nov 12	33% 30 Apr 09 33% 22 Nov 09 33% 22 Nov 10	Service [(3)]
2009-15	1-Nov-09	Nov 09 - Nov 10	1-Nov-09	Service [(5)]
2009-16	27-Nov-09	Nov 12 - Nov 15	50% 27 Nov 12 25% 27 Nov 13 25% 27 Nov 14	EPS & ROE[(4)]
2010-03	4-May-10	May 13 - May 16	4-May-13	Service
2010-04	29-Jul-10	Jul 13 - Jun 15	1-Jul-13	Service
2010-05	23-Nov-10	Nov 13 - Nov 16	50% 23 Nov 13 25% 23 Nov 14 25% 23 Nov 15	EPS & ROE
2008-04 2008-05 2009-21	1-Jan-08 1-Jul-08 1-Apr-09	Apr 09 - 31 Dec 10	30-Apr-09	Accelerated vesting [(6)]

[(1)] Prior to the acquisition of AWM, these options had fully vested. As disclosed in the Scheme Booklet for the acquisition, options over AWM shares held by AWM employees have been converted into IOOF options of economic equivalence.

[(2)] As disclosed in the Scheme Booklet for the acquisition of AWM, options over AWM shares held by AWM employees have been converted into IOOF options of economic equivalence. The remaining options vest progressively over a service period.

[(3)] Prior to the acquisition of AWM, the performance hurdle for vesting of AWM options was 50% on the Group's achievement of the approved budget for that financial year and the remaining 50% if the Company's Total Shareholder Return (TSR) is positive, and in the top quartile relative to the TSR of a comparator group of ASX listed companies selected by the Board. As a consequence of the acquisition, in accordance with the terms of the Share Option Plan, the Remuneration and Nominations Committee exercised its discretion to waive the performance hurdle in respect of unvested options as it is now impractical to measure performance against the hurdle on the basis established prior to the acquisition. The vesting of the options is conditional on continuing employment with the Group.

[(4)] Shareholders approved that this element of the plan will not activate unless a minimum average ROE of 5.5% per annum over the performance period has been achieved. The performance hurdle for vesting of the options is an EPS target of compound growth of 10% per annum in each financial year 2010-11, 2011-12 and 2012-13 from a base point of 34 cents per share, being the final actual EPS figure for financial year 2009/10.

[(5)] At the AGM held 27 November 2009, shareholders approved the allocation of options to Mr Robinson, former Chief Executive Officer, to replace options that had lapsed due to an unintentional misinterpretation of performance hurdles. Had the original options (approved by shareholders at the 2007 AGM) been issued on the correct terms, the options would have vested on upon implementation of the acquisition of AWM. This is because the IOOF Board exercised its discretion, in accordance with Mr Robinson's employment contract, to vest all unvested long term incentives. The options vested immediately on receiving shareholder approval. Mr Robinson ceased employment with the Group on 30 April 2009.

[(6)] Prior to the acquisition of AWM the performance hurdle for vesting of the IOOF options was 40% on the Group's achievement of compounding earnings per share in excess of 10% over the vesting period, 30% on the Company's achievement of TSR above a pre-determined benchmark and the remaining 30% on continued employment with the Group. As a consequence of the acquisition, in accordance with the terms of the Share Option Plan, the Remuneration and Nominations Committee exercised its discretion to waive the performance hurdles in respect of unvested options as it is now impractical to measure performance against the hurdle on the basis established prior to the acquisition. As a result, options were deemed to have vested effective 30 April 2009.

Remuneration Report (Audited) (continued)

7. Non-executive directors' remuneration

Approval of funding for the remuneration

The Company's Constitution requires that the aggregate remuneration paid or provided to all Non-Executive Directors in any financial year by the Company, its subsidiaries and associated entities may not exceed an amount approved by shareholders. This ceiling amount includes all remuneration provided to Non-Executive Directors, including superannuation but not including retirement benefits. The current limit of $980,000 per annum was approved by shareholders at the 2010 Annual General Meeting.

Objectives

The primary objective of the policy for Non-Executive Directors is to ensure the Company is able to retain and attract high calibre Non-Executive Directors. Non-Executive Directors are remunerated by way of fixed fees, including superannuation, and do not participate in remuneration programs designed to provide an incentive to Executive Directors and Senior Executives.

Non-Executive Directors’ remuneration is independent of the Company’s earnings or growth in shareholder value to encourage Non-Executive Directors to perform their roles independently of Senior Executives.

Equity participation

The Company established a Deferred Share Purchase Plan for Non-Executive Directors to enable them, on an optional basis, to salary sacrifice a portion of annual fees in order to acquire shares in the Company at market value on a tax deferred basis.

The following table sets out the number of shares acquired by the participating directors as at 30 June 2011 and the range of prices at which shares were acquired during the financial year ended 30 June 2011.

Name	Shares Acquired No.	Share price range at acquisition date $	Total value $
I Blair	4,259	$6.47 - $7.84	30,004
J Harvey	1,703	$6.47 - $7.84	11,998
J Pfeiffer	5,941	$6.47 - $7.84	41,854
R Sexton	3,169	$6.47 - $7.84	22,325

Retirement benefits

The Board has withdrawn this benefit from the potential remuneration for new Non-Executive Directors. However, the program continued for Directors appointed prior to 13 April 2003 to fulfil the terms of historical agreements. This benefit provides for a cash based payment to Non-Executive Directors at the time of their retirement and is calculated as follows:

Period of service as a NED	Benefit Value (1)
0 to < 3 years	Nil
3 to 5 years	AAE times 1.0
> 5 years to 10 years	AAE times 1.5
> 10 years	AAE times 2.0

The retirement benefits plan will remain in operation for Mr Blair and Dr Sexton (being the only two remaining participants) for the year ending 30 June 2012.

(1) “AAE” = Annual Average Emoluments over the last 3 years of service to date of retirement.

Terms of appointment

All Non-Executive Directors have letters of appointment detailing the terms under which they are engaged. The term of appointment for each is open-ended, subject to the provisions of the Corporations Act and the Company's Constitution. Under the IOOF Holdings Ltd Constitution, one-third of Directors must retire from office each year and may seek re-election by shareholders at the AGM of the Company.

Remuneration Report (Audited) (continued)

Remuneration table

		Short-term benefits			**Post-employ-ment benefits**		**Post-employ-ment benefits**	
Key management personnel		Directors fees [1] **$**	Shares[2] **$**	Non-monetary **$**	Super-annuation **$**	Total Shareholder approved remuneration[3] **$**	Retirement benefits[4] **$**	**Total $**
Non-executive directors								
I Blair	**2011**	**160,562**	**30,000**	**153**	**14,438**	**205,153**	**64,101**	**269,254**
	2010	150,363	29,769	3,281	13,368	196,781	-	196,781
J Harvey	**2011**	**112,852**	**12,000**	**153**	**10,148**	**135,153**	**-**	**135,153**
	2010	105,397	11,908	349	9,395	127,049	-	127,049
J Pfeiffer	**2011**	**92,310**	**41,857**	**153**	**833**	**135,153**	**-**	**135,153**
	2010	85,166	41,534	-	-	126,700	-	126,700
R Sexton	**2011**	**103,381**	**22,320**	**153**	**9,299**	**135,153**	**492**	**135,645**
	2010	97,822	22,148	-	8,804	128,774	-	128,774
G Venardos	**2011**	**123,861**	**-**	**-**	**11,139**	**135,000**	**-**	**135,000**
	2010	116,319	-	-	10,381	126,700	-	126,700
I Griffiths	**2011**	**125,055**	**-**	**-**	**9,945**	**135,000**	**-**	**135,000**
	2010	112,239	-	-	14,461	126,700	-	126,700
Total	**2011**	**718,021**	**106,177**	**612**	**55,802**	**880,612**	**64,593**	**945,205**
Total	2010	667,306	105,359	3,630	56,409	832,704	-	832,704

(1) Directors fees includes any fees sacrificed into superannuation funds.

(2) Shares represent directors' fees sacrificed into the Non-Executive Director Deferred Share Purchase Plan.

(3) Shareholder Approved Remuneration amounted to $880,612 and was within the shareholder approved limit of $980,000 per annum.

(4) Non-Executive Directors appointed after 13 April 2003 are not entitled to retirement benefits. Non-Executive Directors appointed prior to this date accrue retirement benefits. Where entitled, the provision is based on the average emoluments of Non-Executive Directors over the previous three years' of service. The benefit accrues after three years of service and varies according to the number of years of service, reaching twice the average annual emoluments after ten years of service. The significant increase to Mr Blair during the year is as a result of reaching 10 years of service and accruing retirement benefits at a higher rate. Refer to 'retirement benefits' above for further details.

8. Payments to persons before taking office

No Director or member of senior management appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

This Directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

This report is made with a resolution of the Directors:

Ian Blair
Chairman
25 August 2011

DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Company:

(a) the consolidated financial statements and notes set out on pages 26 to 78, and the Remuneration report in the Directors' report, set out on pages 7 to 21 are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Company's and Group's financial position as at 30 June 2011 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2011.

3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Ian Blair

Chairman

Melbourne

25 August 2011

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

To: the directors of IOOF Holdings Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Michelle Hinchliffe
Partner

Melbourne

25 August 2011

Independent auditor's report to the members of IOOF Holdings Ltd

Report on the financial report

We have audited the accompanying financial report of IOOF Holdings Ltd (the Company), which comprises the statements of financial position as at 30 June 2011, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 41 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of IOOF Holdings Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 21 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of IOOF Holdings Ltd for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

M Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

25 August 2011

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated		Parent	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Revenue	8	642,649	626,678	132,422	67,156
Expenses	9	(512,774)	(524,297)	(671)	(1,470)
Life insurance revenue	40(d)	85,260	70,682	-	-
Life insurance expense	40(e)	(71,649)	(73,821)	-	-
Share of profits of associates accounted for using the equity method (net of income tax)		9,201	7,588	-	-
Finance costs	10	(761)	(1,096)	(467)	(719)
Profit before income tax expense		151,926	105,734	131,284	64,967
Income tax (expense)/benefit - shareholder	11	(37,525)	(28,259)	44	1,780
Income tax (expense)/benefit - statutory benefit funds		(13,622)	3,310	-	-
Profit for the period		100,779	80,785	131,328	66,747
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	27	5,398	2,953	-	-
Net change in fair value of share buy back liability	27	(10,112)	(9,139)	-	-
Income tax on other comprehensive income	11	(1,866)	(1,643)	-	-
Other comprehensive income/(expense) for the period, net of income tax		(6,580)	(7,829)	-	-
Total comprehensive income for the period		94,199	72,956	131,328	66,747
Profit attributable to:					
Owners of the Company		**99,489**	**77,371**	**131,328**	**66,747**
Policyholders of the IOOF Life Ltd Statutory Fund		(11)	171	-	-
Non-controlling interest		1,301	3,243	-	-
Profit for the period		100,779	80,785	131,328	66,747
Total comprehensive income attributable to:					
Owners of the Company		92,909	69,542	131,328	66,747
Policyholders of the IOOF Life Ltd Statutory Fund		(11)	171	-	-
Non-controlling interest		1,301	3,243	-	-
Total comprehensive income for the period		94,199	72,956	131,328	66,747
Earnings per share:					
Basic earnings per share (cents per share)	30	43.1	33.7		
Diluted earnings per share (cents per share)	30	42.9	33.6		

Notes to the financial statements are included on pages 31 to 78.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

		Consolidated			Parent	
	Note	**2011 $'000**	**2010 $'000**	**2009 $'000**	**2011 $'000**	**2010 $'000**
Assets						
Cash and cash equivalents	12	152,999	132,780	132,123	45,959	617
Receivables	13	73,068	67,668	105,614	14,342	11,547
Current tax assets		-	-	1,961	-	-
Other financial assets	14	60,573	47,754	40,565	912,479	884,902
Investments backing policyholder liabilities	40	968,017	1,023,476	979,344	-	-
Other assets	15	24,961	27,808	31,298	-	-
Investments in equity-accounted investees	16	14,739	12,891	10,317	-	-
Property and equipment	17	12,553	8,165	12,621	-	-
Goodwill	18	491,856	491,856	479,455	-	-
Other intangible assets	19	258,997	276,694	290,445	-	-
Deferred tax assets	20	-	10,657	16,752	-	778
Total assets		2,057,763	2,099,749	2,100,495	972,780	897,844
Liabilities						
Payables	21	50,664	48,401	112,546	70	80
Borrowings	22	38	14,628	30,714	10,000	10,000
Current tax liabilities		32,108	23,093	-	29,387	20,563
Other financial liabilities	23	43,112	37,357	18,085	-	-
Provisions	24	40,379	45,588	48,057	-	550
Deferred tax liabilities	20	4,074	-	-	13,113	-
Other liabilities	25	17,393	20,998	24,688	-	-
Policy liabilities	40	968,017	1,022,730	978,768	-	-
Total liabilities		1,155,785	1,212,795	1,212,858	52,570	31,193
Net assets		901,978	886,954	887,637	920,210	866,651
Equity						
Share capital	26	868,451	858,178	849,609	868,451	858,628
Reserves	27	(7,756)	(3,324)	6,186	8,246	5,903
Retained earnings	28	25,126	15,583	14,388	43,513	2,120
Total equity attributable to equity holders of the Company		885,821	870,437	870,183	920,210	866,651
Non-controlling interest		16,157	16,517	17,454	-	-
Total equity		901,978	886,954	887,637	920,210	866,651

Notes to the financial statements are included on pages 31 to 78.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated - 2011						**Consolidated - 2010**					
	Note	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**	**Share capital**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July 2010	26,27,28	858,178	(3,324)	15,583	870,437	16,517	**886,954**	849,609	6,186	14,388	870,183	17,454	**887,637**
Total comprehensive income for the period													
Profit for the period attributable to owners of the Company		-	-	99,489	99,489	1,301	**100,790**	-	-	77,371	77,371	3,243	**80,614**
Loss for the period attributable to policyholders of the IOOF Life Ltd Statutory Fund		-	-	(11)	(11)	-	**(11)**	-	-	171	171	-	**171**
Other comprehensive income													
Net change in fair value of available-for-sale financial assets		-	5,398	-	5,398	-	**5,398**	-	2,953	-	2,953	-	**2,953**
Net change in fair value of share buy back liability		-	(10,112)	-	(10,112)	-	**(10,112)**	-	(9,139)	-	(9,139)	-	**(9,139)**
Income tax on other comprehensive income		-	(1,866)	-	(1,866)	-	**(1,866)**	-	(1,643)	-	(1,643)	-	**(1,643)**
Total other comprehensive income		-	(6,580)	-	(6,580)	-	**(6,580)**	-	(7,829)	-	(7,829)	-	**(7,829)**
Total comprehensive income for the period		-	(6,580)	99,478	92,898	1,301	**94,199**	-	(7,829)	77,542	69,713	3,243	**72,956**
Transactions with owners, recorded directly in equity													
Contributions by and (distributions to) owners													
Dividends to equity holders		-	-	(89,935)	(89,935)	(1,567)	**(91,502)**	-	-	(77,841)	(77,841)	(3,632)	**(81,473)**
Share-based payment expense		-	3,232	-	3,232	-	**3,232**	-	2,027	-	2,027	-	**2,027**
Issue of shares on exercise of options under executive and employee share option plan		9,464	-	-	9,464	-	**9,464**	1,670	-	-	1,670	-	**1,670**
Transfer from employee equity-settled benefits reserve on exercise of options		440	(440)	-	-	-	**-**	120	(120)	-	-	-	**-**
Employee performance rights vested during the year		330	(330)	-	-	-	**-**	3,053	(3,053)	-	-	-	**-**
Adviser performance rights vested during the year		453	(453)	-	-	-	**-**	234	(234)	-	-	-	**-**
On-market purchase of treasury shares transferred to employees during the year		(414)	-	-	(414)	-	**(414)**	3,492	-	1,494	4,986	-	**4,986**
Treasury shares transferred to employees during the year		-	-	-	-	-	**-**	-	-	-	-	-	**-**
Total contributions by and distributions to owners		10,273	2,009	(89,935)	(77,653)	(1,567)	**(79,220)**	8,569	(1,380)	(76,347)	(69,158)	(3,632)	**(72,790)**
Changes in ownership interests in subsidiaries that do not result in a loss of control													
Issue of additional non-controlling interests		-	-	-	-	45	**45**	-	(301)	-	(301)	533	**232**
Derecognition of non-controlling interest subject to buy-back		-	139	-	139	(139)	**-**	-	-	-	-	(1,081)	**(1,081)**
Total changes in ownership interests in subsidiaries		-	139	-	139	(94)	**45**	-	(301)	-	(301)	(548)	**(849)**
Total transactions with owners		10,273	2,148	(89,935)	(77,514)	(1,661)	**(79,175)**	8,569	(1,681)	(76,347)	(69,459)	(4,180)	**(73,639)**
Balance at 30 June 2011	26,27,28	868,451	(7,756)	25,126	885,821	16,157	**901,978**	858,178	(3,324)	15,583	870,437	16,517	**886,954**

Notes to the financial statements are included on pages 31 to 78.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Parent - 2011				Parent - 2010			
		Share capital	**Reserves**	**Retained earnings**	**Total equity**	**Share capital**	**Reserves**	**Retained earnings**	**Total equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July	26,27,28	858,628	5,903	2,120	**866,651**	855,108	7,642	13,569	**876,319**
Total comprehensive income for the period									
Profit for the period		-	-	131,328	**131,328**	-	-	66,747	**66,747**
Other comprehensive income		-	-	-	**-**	-	-	-	**-**
Total comprehensive income for the period		-	-	131,328	**131,328**	-	-	66,747	**66,747**
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders		-	-	(89,935)	**(89,935)**	-	-	(78,196)	**(78,196)**
Share-based payment expense recognised in controlled entities		-	3,098	-	**3,098**	-	1,895	-	**1,895**
Issue of shares on exercise of options under executive and employee share option plan		9,464	-	-	**9,464**	1,670	-	-	**1,670**
On-market purchase of treasury shares transferred to employees during the year		(396)	-	-	**(396)**	347	(347)	-	**-**
Transfer from employee equity-settled benefits reserve on exercise of options		1,049	(1,049)	-	**-**	3,053	(3,053)	-	**-**
Employee performance rights vested during the year		330	(330)	-	**-**	234	(234)	-	**-**
Adviser performance rights vested during the year		453	(453)	-	**-**	(1,784)	-	-	**(1,784)**
Total contributions by and distributions to owners		10,900	1,266	(89,935)	**(77,769)**	3,520	(1,739)	(78,196)	**(76,415)**
Total transactions with owners		10,900	1,266	(89,935)	**(77,769)**	3,520	(1,739)	(78,196)	**(76,415)**
Balance at 30 June	26,27,28	869,528	7,169	43,513	**920,210**	858,628	5,903	2,120	**866,651**

Notes to the financial statements are included on pages 31 to 78.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated		Parent	
		2011	**2010**	**2011**	**2010**
		$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities					
Receipts from customers		689,929	673,284	6,219	327
Payments to suppliers and employees		(554,160)	(577,346)	(609)	(3,676)
Interest and other costs of finance paid		(761)	(1,096)	(467)	(719)
Net stockbroking purchases		(276)	3,346	-	-
Dividends received from associates		9,378	6,353	-	-
Income taxes paid		(21,913)	(11,860)	(12,856)	(632)
Fund manager rebates paid to subsidiaries		-	-	(6,029)	(183)
Net cash provided by/(used in) operating activities	**38(b)**	122,197	92,681	(13,742)	(4,883)
Cash flows from investing activities					
Interest received		9,115	5,493	2,459	1,971
Dividends and distributions received		1,843	1,971	129,912	64,218
Net proceeds/(payments) from sales or purchases of financial assets		(580)	(1,074)	-	-
Payments for property, plant and equipment		(8,373)	(1,162)	-	-
Proceeds on disposal of property, plant and equipment		77	44	-	-
Amounts (advanced to)/borrowed from other entities		(617)	714	8,048	10,125
Proceeds on sale of life policies		220	-	-	-
Payments for intangible assets		(283)	(5,334)	-	-
Proceeds on disposal of Macarthur Cook investment		-	-	-	1,484
Net cash flow on disposal of Intech business		-	451	-	-
Interests acquired in associates and non-controlling interests		(1,980)	(1,640)	(864)	-
Net cash provided by/(used in) investing activities		(578)	(537)	139,555	77,798
Cash flows from financing activities					
Repayment of borrowings		(14,590)	(16,086)	-	-
Proceeds on disposal of treasury shares		-	6,048	-	-
On-market purchase of treasury shares transferred to employees during the year		(414)	-	-	-
Proceeds from issues of equity securities on exercise of options		9,464	1,675	9,464	1,675
Dividends paid:					
- members of the Company		(89,936)	(77,841)	(89,935)	(78,197)
- non-controlling members of subsidiary entities		(1,567)	(3,632)	-	-
- shareholders entitled to contractual share buy-back		(4,357)	(1,650)	-	-
Net cash provided by/(used in) financing activities		(101,400)	(91,486)	(80,471)	(76,522)
Net increase/(decrease) in cash and cash equivalents		20,219	658	45,342	(3,607)
Cash and cash equivalents at the beginning of the financial year		132,780	132,122	617	4,224
Cash and cash equivalents at the end of the financial year		152,999	132,780	45,959	617

Notes to the financial statements are included on pages 31 to 78.

1 Reporting entity

IOOF Holdings Ltd (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The Group primarily is involved in the provision of wealth management services.

The Company's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
Level 6	Level 6
161 Collins Street	161 Collins Street
MELBOURNE VIC 3000	MELBOURNE VIC 3000

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value; and
- share-buy back liabilities are measured at fair value.

The statement of financial position is presented in order of liquidity.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated. Amounts included in narratives are expressed as whole dollars but rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- note 3 (o)(i) - utilisation of tax losses and uncertain tax position
- note 3(q) - Deferred acquisition costs
- note 3(w) - Liability to buy back vested shares
- note 18 - Goodwill
- note 19 - Other intangible assets
- note 31 - Share-based payments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 18 & 19 - key assumptions used in discounted cash flow projections
- note 24 & 37 - provisions and contingencies.

(e) Changes in accounting policies

From 1 July 2010 the Group has applied amendments to AASB 101 Presentation of Financial Statements outlined in AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and allow the Group to disclose transactions recognised in other comprehensive income in the note 27 to the financial statements.

From 1 July 2010 the Group has adopted a change in accounting policy for the recognition of the movement in liabilities to buy back vested shares. Under the previous accounting policy, the changes in the fair value of the liability was recorded in profit or loss. The change in accounting policy is to recognise these movements in a share buy back revaluation reserve which more accurately reflects the nature of the underlying instrument. The liability to buy back vested shares is measured and recognised in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* precluding any adjustment for the probability that settlement of the liability will occur. The directors have assessed the probability that the Group will be required to settle the share buy back liability as low and therefore recognition of movements in the reserve provides users with increased relevance and reliability of the financial performance of the Group.

This change in accounting policy has had an effect on consolidated earnings per share and on net profit, further information is provided in note 4 Change in accounting policy.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2011 and the results of all controlled subsidiaries for the year then ended. This includes the benefit funds of its subsidiary, IOOF Ltd, and any controlled trusts.

Control of an entity is identified where the Group has the power to govern the financial and operating policies of that entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights.

The benefit funds, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the financial statements.

Refer to Note 3(k) Contract classification for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 July 2004 and 1 July 2009

For acquisitions between 1 July 2004 and 1 July 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was a negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with the business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 July 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 July 2003. In respect of acquisitions prior to 1 July 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Australian GAAP.

Non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Employee Share Trust

The Group has formed a trust to administer the Group’s employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the IOOF Executive Performance Share Plan Trust are disclosed as treasury shares and are deducted from share capital.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Investments in associates (equity accounted investees)

Associates are those entities over which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity.

Investments in its associates are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(d) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial assets:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, assets, or services directly to a debtor with no intention of selling the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

3 Significant accounting policies (continued)

(d) Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets comprising principally marketable equity securities that are either designated in this category or are not classified in any of the other categories of financial instruments. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the available-for-sale investment revaluation reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Financial assets backing policy liabilities

The Group has determined that all financial assets held within its reported statutory funds (including the benefit funds which are treated as statutory funds) represent the assets backing policy liabilities and are measured at fair value through profit or loss. Other than loans and receivables and available for sale financial assets held by the Group and its controlled entities, assets backing policy liabilities have been designated at fair value through profit or loss as the assets are managed on a fair value basis.

(iii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings and payables.
Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iv) Other financial liabilities

Purchase commitments to reacquire interests from non-controlling shareholders are accounted for in accordance with AASB 132 *Financial Instruments: Presentation* which specifies that an obligation for an entity to purchase its own equity instruments for cash gives rise to a financial liability. The liability is measured at the present value of the redemption amount irrespective of the probability of the exercise of the right by non-controlling shareholders.

(v) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and share options are shown in equity as a deduction, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(e) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.
Cost includes expenditure that is directly attributable to the acquisition of the asset.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is based on the cost of the asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.
Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative year are as follows:

- office equipment 3-10 years
- leasehold improvements 3-10 years
- equipment under finance lease 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date, and adjusted if appropriate.

3 Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

For the measurement of goodwill at initial recognition, see note 3(a)(i) Business combinations.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount the investment, and impairment loss on such investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- adviser relationships 5 - 10 years
- computer software 2½ - 4 years
- customer relationships 10 - 20 years
- brand names 20 years
- contract agreements 9 - 10 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market of a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected as an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (eg. a repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the investment revaluation reserve, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3 Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from continuing use of other assets or groups of assets (the cash-generating unit "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Retirement benefit obligations

Employees of the Group are entitled to benefits from the Group's superannuation plan on retirement, disability or death; subject to qualification for membership of the plan. This plan is a defined contribution scheme that receives fixed contributions from Group companies. The Group's legal or constructive obligation is limited to these contributions. Employees are entitled to nominate external superannuation plans to which fixed contributions are similarly directed. Contributions to defined contribution superannuation plans are recognised as an expense in profit or loss when incurred.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs.

Liabilities for long-term benefits that are expected to be settled beyond 12 months are discounted using rates attaching to Commonwealth Government securities which most closely match the terms of maturity of the related liabilities at balance date.

In determining the liability for employee entitlements, consideration is given to future increases in wage and salary rates, experience with employee departures and periods of service.

(iv) Termination payments and redundancy costs

Termination benefits or redundancy costs are recognised as an expense when the Group is committed demonstrably, without realistic opportunity of withdrawal, to a formal detailed plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(v) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(vi) Short-term incentive plans

A provision for employee benefits in the form of an incentive plan is recognised when there is no realistic alternative but to settle the liability, and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for incentives are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

3 Significant accounting policies (continued)

(i) Employee benefits (continued)

(vii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as a share-based payment expense, with a corresponding increase in the share-based payments reserve, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value at grant date is independently determined where considered appropriate. The option pricing model used takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

A small number of shares remain held by the IOOF Executive Performance Share Plan Trust (the "Trust") as at the comparative reporting date. These shares will contribute to the employee allocation of shares on satisfaction of vesting performance hurdles. The Group has no right to recall placed shares. However, a subsidiary Company acts as the Trustee of the Trust, and can direct the voting rights of shares held and strategic direction.

Shares in the Company held by the Trust are classified and disclosed as Treasury shares, and deducted from share capital. Dividends received by the Trust are recorded as dividend income in the financial statements of the Trust.

Non-Executive Directors have the opportunity to participate in the IOOF Deferred Share Purchase Plan. The plan provides a facility for Non-Executive Directors to salary sacrifice base salary or future incentive entitlements in order to acquire shares. As the purchase is funded by Directors' salary sacrifice, no additional expense is recorded by the Group.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(k) Contract classification

The accounting treatment of certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts.

(i) Insurance contracts

Insurance contracts are those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

(ii) Investment contracts

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a discretionary participation feature ('DPF'). A DPF represents a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total benefits;
- distributed at the discretion of the insurer; and
- are based on the performance of a specified pool of assets.

Deposits collected and benefits paid under investment contracts with DPF are accounted for through profit or loss. The gross change in the liability to these policyholders for the period, which includes any participating benefits vested in policyholders and any undistributed surplus attributed to policyholders, is also recognised in profit or loss.

Deposits collected and withdrawals processed for investment contracts without DPF are accounted for directly through the statement of financial position as a movement in the investment contract liability. Distributions on these contracts are charged to profit or loss as an expense.

Where contracts contain both an investment component and an insurance component and the deposit component can be separately measured, the underlying amounts are unbundled. Premiums relating to the insurance component are accounted for through profit or loss and the investment component is accounted for as a deposit through the statement of financial position as described above.

3 Significant accounting policies (continued)

(l) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

(i) Management fees

The Group provide management services to unit trusts and funds operated by the Group at normal commercial rates. Management fees earned from the unit trusts and funds are calculated based on an agreed percentage of the respective funds under management or administration as disclosed in the respective product disclosure statements, and are recognised on an accruals basis.

Management and service fees revenue from the provision of financial advisory services together with revenue from the rendering of services are recognised at the time the service is provided.

(ii) Other fee revenue and stockbroking revenue

Other fee revenue and stockbroking revenue from the rendering of services are recognised at the time the service is provided.

(iii) Upfront service fees

Upfront service fees are recorded as deferred revenue and recognised on a straight-line basis over a period that is reflective of the continued service provided. The period of amortisation is based on historical experience and varies between products on offer. The current deferral period is between 5 and 7 years. These upfront service fees are recorded as a deferred revenue liability within other liabilities in the consolidated statement of financial position.

(iv) Premium revenue

Premium revenue is earned on life insurance products. Life insurance premiums with no due date are recognised on a cash received basis. Premiums with regular due dates are recognised as revenue on a basis which is consistent with the Actuary's valuation of liabilities. Deposit components of life insurance contracts are not revenue and are treated as movements in life insurance contract liabilities.

(m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(o) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The applicable rates of income tax vary depending upon the fund or entity involved. The segregated superannuation and rollover fund business of the IOOF Ltd benefit funds attracts income tax at the rate of 15% (2010: 15%) and the ordinary business of the Company is taxed at the rate of 30% (2010: 30%).

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies (continued)

(o) Income tax (continued)

(i) Tax consolidation

IOOF Holdings Ltd and its wholly owned Australian resident entities (including IOOF Ltd benefit funds) are part of a tax-consolidated group under Australian taxation law. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Further information about the tax funding arrangement is detailed in note 11 to the financial statements.

Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(ii) Uncertain Tax Position

Tax Laws Amendment (2010 Measures No. 1) Bill 2010, received Royal Assent on 3 June 2010. The Act contains a number of amendments to the tax consolidation regime that deal with the recognition of tax cost setting amounts in the income tax law. A new section (s 716-405) may provide a specific tax deduction for the tax cost setting amount on assets that qualify as rights to future income assets acquired upon an entity joining a tax consolidated group. The Company has analysed customer related intangibles, acquired as part of various acquistions the Company or its subsidiaries have made since 2005, with a view to applying the new provisions. The Company has sought a private ruling to confirm its entitlement to these tax deductions.

On 30 March 2011, the Board of Taxation was requested to undertake a review of these provisions and provide recommendations that may limit the use and scope these provisions . Such recommendations may have restrospective application. To date these recomendations have not been made public and it is uncertain as to how any recommendations will be legislated and applied.

Until receipt of the private ruling and actionable recommendations from the Board of Taxation the tax effect of Tax Laws Amendment (2010 Measures No. 1) Bill 2010 is considered uncertain.

(p) Goods and service tax (GST)

Revenues, expenses and assets (excluding receivables) are recorded net of GST. GST input tax credits are initially recorded as an asset and GST collected as a liability. These balances are offset as at the reporting date and recognised as either an amount receivable or payable to the Australian Taxation Office. The GST portion relating to financial supplies and non-deductible expenditure, for which an input tax credit cannot be claimed, is expensed or is recognised as part of the cost of acquisition of an asset.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Australian Taxation Office are presented as operating cash flows.

(q) Deferred acquisition costs

Deferred acquisition costs relate to service fees paid, and are deferred as an asset in recognition that they relate to a future economic benefit. Deferred acquisition costs are initially measured at historical cost and are written down immediately to their recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Deferred acquisition costs are progressively amortised in profit or loss by a systematic allocation over the period of time the future economic benefits are expected to be received. The amortisation period is between 5 and 7 years.

(r) Investment contract liabilities and claims expense

(i) Investment contracts with Discretionary Participation Features (DPF)

The value of these liabilities changes in relation to the change in unit prices for unit linked contracts, and are decreased by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the policyholders. Adjustments to the liabilities at each reporting date are recorded in profit or loss.

(ii) Other investment contracts

The value of these liabilities changes in relation to the change in unit prices for unit linked contracts, and are decreased by management fee charges. In accordance with the rules of the funds, any remaining surplus is attributed to the members of the fund. Amounts distributable to members are recorded in profit or loss as an expense.

There is no claims expense in respect of life investment contracts. Surrenders and withdrawals which relate to life investment contracts are treated as a movement in life investment contract liabilities. Surrenders are recognised when the policyholder formally notifies of their intention to end the policy previously contracted.

(s) Insurance contract liabilities and claims expense

Life insurance contract liabilities are calculated in accordance with actuarial standards.

A claim expense is recognised when the liability to the policyholder under the policy contract has been established, or upon notification of the insured event. Withdrawal components of life insurance contracts are not expenses and are treated as movements in life insurance contract liabilities.

3 Significant accounting policies (continued)

(t) Shareholders entitlement to monies held in statutory funds

Monies held in the life insurance Statutory Funds (including the Benefit Funds) are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the benefit funds and controlled trusts are held for the benefit of the members of those funds, and are subject to the constitution and rules of those funds.

(u) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for treasury shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held, for the effects of all dilutive potential ordinary shares, which comprise performance rights and share options granted to employees.

(v) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets other than goodwill.

(w) Liability to buy back vested shares

A liability has been recognised in respect of an obligation by the Group to buy back vested shares in some Perennial Group subsidiaries under certain circumstances. The above liabilities are recorded at fair value. Determination of fair value has required assumptions concerning future growth, discount rates and fund flows.

For further information on valuation methods for the liability to buy back vested shares refer to note 5(e) fair value estimation.

Change in accounting policy

Under the previous accounting policy, changes in the fair value of the buy back liability were recognised in profit or loss. The change in accounting policy is to recognise these movements in a share buy back revaluation reserve which more accurately reflects the nature of the underlying instrument. The liability to buy back vested shares is measured and recognised in accordance with AASB 139 Financial Instruments: Recognition and Measurement precluding any adjustment for the probability that settlement of the liability will occur. The directors have assessed the probability that the Group will be required to settle the share buy back liability as low and therefore recognition of movements in the reserve provides users with increased relevance and reliability of the financial performance of the Group.

This change in accounting policy has had an effect on consolidated earnings per share and on net profit, further information is provided in note 4 Change in accounting policy. A third balance sheet has also been presented on the statement of financial position.

(x) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments* , which becomes mandatory for the Group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined. In addition, there are new standards due to be effective for periods beginning after I July 2013, AASB 10 *Consolidated Financial Statements* , AASB 11 *Joint Arrangements* , AASB 12 *Disclosure of interest in other entities* and AASB 13 *Fair value measurement* . The extent of the impact has not yet been determined.

(y) Parent entity financial statements

Parent entity information has been reinstated in accordance with a directive from the Australian Prudential Regulatory Authority dated 1 September 2010 to all its regulated entities.

Disclosure of parent entity information is not required under the Corporations Act 2001.

4 Change in accounting policy

As a result of the change in accounting policy for the recognition of fair value movements in the share buy back liability, the following adjustments to the balance sheet have been made.

	Consolidated 2010			Consolidated 2009		
	Published $'000	Change $'000	Restated $'000	Published $'000	Change $'000	Restated $'000
Retained earnings						
Balance at 1 July	14,403	(15)	14,388	10,688	6,788	17,476
Profit for the period	68,403	9,139	77,542	13,850	(6,803)	7,047
Dividends paid	(77,841)	-	(77,841)	(10,272)	-	(10,272)
Profit on treasury shares sold on-market	1,494	-	1,494	-	-	-
Forfeiture of redeemable converting preference shares during the year	-	-	-	137	-	137
Balance at 30 June	6,459	9,124	15,583	14,403	(15)	14,388
Reserves						
Asset revaluation reserve	1,072	-	1,072	1,072	-	1,072
Available-for-sale investment revaluation reserve	1,751	-	1,751	441	-	441
Business combinations reserve	(301)	-	(301)	-	-	-
Share-based payments reserve	3,278	-	3,278	4,658	-	4,658
Share buy back revaluation reserve	-	(9,124)	(9,124)	-	15	15
	5,800	(9,124)	(3,324)	6,171	15	6,186

Reconciliation of movement in reserves

Share buy back revaluation reserve						
Balance at 1 July	-	15	15	-	(6,788)	(6,788)
Valuation gain/(loss) recognised	-	(9,139)	(9,139)	-	6,803	6,803
Balance at 30 June	-	(9,124)	(9,124)	-	15	15

The change in accounting policy has had no impact on the financial performance or position of the parent entity or on the statutory benefit funds or any disclosures for the Group except as set out in this note.

The change in accounting policy had the following impact on earnings per share.

	Consolidated 2010			Consolidated 2009		
	Published $'000	Change $'000	Restated $'000	Published $'000	Change $'000	Restated $'000
Earnings per share						
Earnings used in the calculation of basic EPS	68,403	9,139	77,542	13,850	(6,803)	7,047

The change in accounting policy had no impact on the weighted average number of ordinary shares.

	Consolidated	
	2010 No. '000	2009 No. '000
Weighted average number of ordinary shares (basic)	229,922	96,151
Weighted average number of ordinary shares (diluted)	230,914	96,141

	Consolidated 2010		Consolidated 2009	
	Published cents	Restated cents	Published cents	Restated cents
Basic earnings per share	29.8	**33.7**	14.6	**7.4**
Diluted earnings per share	29.6	**33.6**	14.4	**7.3**

5 Risk management

IOOF risk management framework

Risk is defined by IOOF as any event which hinders the sustainable achievement of Group objectives and results, including a failure to exploit opportunities. The Group's strategy to manage risk involves the identification of risks by type, impact and likelihood, implementation of controls to mitigate risks, and continuous monitoring and improvement of the procedures in place.

The Group's objective is to satisfactorily manage its risks in line with the Group's Risk Management Policy set by the Board, and this aligns to International Standard ISO 31000 Risk Management. Procedures are put in place to control and mitigate the risks faced by the Group and vary depending on the nature of the risk. The Group maintains a framework to ensure regulatory compliance obligations are managed in accordance with Australian Standard 3806 Compliance Programs. The Group's exposure to all material risks is monitored by the Head of Risk and this exposure, and any anticipated risk exposure, is regularly reported to the Risk and Compliance Committee, and the Board.

The Group's income and operating cash flows are indirectly impacted by changing market conditions. Its exposure is through the impact of market changes on the level of funds under management and administration, and consequently management fee and service fee revenue. Information has been provided below only on the direct impact of changing market conditions to the Group's income and operating cash flows.

The financial condition and operating results of the Group are affected by a variety of financial and non-financial risks. The key non-financial exposures are to operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are detailed below.

Financial risk

The financial risk management objectives, policies and processes and the quantitative data about the exposure to risk at the reporting date, as set out in the remainder of this note, excludes the benefit funds and the controlled unit trusts. This is because the risks associated with financial instruments held by the benefit funds and controlled trusts are borne by the policyholders and members of those funds and trusts, and not the shareholders of the Group. There is no direct impact on the net profit or the equity of the Group as a consequence of changes in markets as they apply to financial instruments held by those funds and trusts at the reporting date.

Similarly the objectives, policies and processes for managing the risks of the Group are separate and distinct from those for the benefit funds and trusts. The funds and trusts are managed under extensive regulatory requirements, and in accordance with specific investment guidelines, risk management strategies, risk management plans, and product disclosure statements. The Group is managed under a set of separate corporate policies and review processes that are directed toward the interests of the shareholders of the Group.

Information in relation to financial risks associated with the benefit funds and controlled trusts is available in their Product Disclosure Statements and the individual annual financial reports of those trusts.

Further information in relation to the Australian Accounting Standards requirement to consolidate the benefit funds and controlled trusts in the consolidated financial statements of the Group is available in Note 3(a) Basis of consolidation.

The following table shows the value of financial instruments held directly and actively managed by the corporate entities within the Group in relation to its shareholder interests. It shows the financial instruments, as reported in the notes to the financial statements, excluding any elimination entries made upon consolidation with the funds and trusts. The adjustment of these eliminations has the effect of identifying the inter-entity financial instruments that are also actively managed by the Group.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Financial assets				
Cash and cash equivalents	152,999	132,780	45,959	617
Receivables	73,068	67,668	14,342	11,547
Loans and other receivables	23,967	18,096	61,819	35,106
Financial assets at fair value through profit or loss	8,029	6,479	-	-
Available-for-sale financial assets	28,577	23,179	-	-
Investments in equity-accounted investees	14,739	12,891	864	-
Investments in subsidiaries	-	-	849,796	849,796
	301,379	261,093	972,780	897,066
Financial liabilities				
Payables	50,664	48,401	70	80
Borrowings	38	14,628	10,000	10,000
Share buy-back liabilities	43,112	37,357	-	-
	93,814	100,386	10,070	10,080

The Group does not hold derivative financial instruments to hedge other market risk exposures, and does not hold or trade derivative financial instruments for speculative purposes.

Financial risks for the Group include market risk (including price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk, liquidity risk, and life insurance risk.

5 Risk management (continued)

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value or future earnings of a financial instrument will fluctuate because of changes in market prices (other than from interest rate risk or currency risk, as described later). The financial instruments managed by the Group that are impacted by price risk consist of investment units held in trusts, available for sale financial assets and the share buy-back liability.

The price risk associated with the units held in trusts is that the fair value of those units will fluctuate with movements in the redemption value of those units, which in turn is based on the fair value of the underlying assets held by the trusts. This risk is managed by choosing to invest in a mix of trusts operated by the Group that will provide an overall diversified portfolio that consists of cash, fixed income securities, equities, and listed property securities; in a mix that provides the Group consistent cash plus returns, benchmarked to exceed the UBSA Bank Bill Index, as well as some participation in opportunities for capital growth over the longer term.

The share buy-back liability recorded at balance date is reflective of the fair value of the underlying shares of certain Perennial subsidiaries. The price risk associated with this liability is that the fair value of the particular equities could change as a result of a change in the projected profitability of those subsidiaries. It is considered impractical to manage the price risk associated with this liability, and it is worth noting that the more successful the Group is in growing its business in the relevant sectors, the greater this liability will grow.

The Parent has no exposure to price risk.

Group sensitivity

At 30 June 2011 had the price of the units / shares held by the Group in unlisted unit trusts / shares in other entities increased / decreased by 1% (2010: 1%) with all other variables held constant, post-tax profit for the year would increase / decrease by $21,000 (2010: $17,000) as a result of gains / losses recorded through profit or loss and available-for-sale reserves would increase / decrease by $286,000 (2010: $162,000).

At 30 June 2011, had the value of the underlying equity in relation to the share buy-back liabilities increased/decreased by 1% (2010: 1%) with all other variables held constant, group equity would decrease/increase by $431,000 (2010: $374,000).

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk to the group's earnings and capital arising from changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of cash and cash equivalents, loans, and borrowings.

Short and long-term investment mixes and loans to related entities are influenced by liquidity policy requirements. Interest rates (both that charged and received) are based on market rates, and are closely monitored by management. They are primarily at variable rates of interest, and expose the Group to cash flow interest rate risk.

Management regularly assesses the appropriateness of the investment of surplus funds with the objective of maximising returns, within investment guidelines acceptable to the Board.

There is limited exposure to fair value interest rate risk because of the relatively short time frame of any fixed rate investments and borrowings.

The Parent has no exposure to interest rate risk.

Group sensitivity

At 30 June 2011, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post tax profit for the year would have been $1,550,000 higher/lower (2010: change of +/- 100 basis points; $860,000 higher/lower). Equity would have been higher/lower by the same amount.

(iii) Foreign exchange risk

The Group was not exposed to significant foreign exchange risk in relation to financial instruments held at year end (2010: nil).

(b) Credit risk

Credit risk refers to the risk that a counterparty will fail to meet its contractual obligations resulting in financial loss to the Group. Credit risk arises for the Group from cash and cash equivalents, receivables, loans and other receivables.

The Group mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions and other highly liquid investments are held with trusts operated by the Group. Where investments are held in units in a trust operated by the Group, that trust is subject to the rules of the trust deed and the investment in underlying assets is subject to asset allocation guidelines.

Receivables consist of management fees receivable, service fees receivable and mandate receivables and other amounts receivable from related parties. These counterparties generally do not have an independent credit rating, and the Group assesses the credit quality of the debtor taking into account its financial position, past experience with the debtor, and other available credit risk information. In relation to management fees receivable, the Group is contractually entitled to deduct such fees from investors' account balances, in accordance with the Product Disclosure Statements, and pass the fees to the Responsible Entity or Trustee. Due to this pass-through process the embedded credit risk is considered minimal. Other receivables are regularly monitored by line management.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets as summarised in the table included in this note above. The Group does not hold any significant collateral as security over its receivables and loans, apart from its recourse to certain shares in subsidiaries in relation to loans to executives.

There are no significant concentrations of credit risk within the Group.

The Group does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

The credit quality of the financial assets that are neither past due nor impaired as at balance date was consistent with that described above, and management assesses the credit risk associated with these reported balances as being minimal. Information in relation to impaired receivables and past due but not impaired receivables is included below.

5 Risk management (continued)

(b) Credit risk (continued)

Impaired receivables

As at 30 June 2011, receivables of the Group with a nominal value of $32,000 (2010: $30,000) were impaired. The amount of the impairment provision was $32,000 (2010: $30,000). The individually impaired receivables mainly relate to amounts receivable from clients.

The ageing of these impaired receivables is as follows:	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
0 to 180 days	-	-	-	-
181 to 360 days	-	-	-	-
1 to 3 years	-	-	-	-
Greater than 3 years	32	30	-	-
	32	30	-	-

Movements in the provision for impairment of receivables are as follows:	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance at beginning of the year	30	187	-	-
Provision for impairment recognised	2	12	-	-
Receivables written off as uncollectible	-	(162)	-	-
Release of provision	-	(7)	-	-
Balance at end of the year	32	30	-	-

The amount of the provision for impairment is recognised in profit or loss in other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Uncollectible receivables are where there is no expectation of recovering additional cash.

(c) Liquidity risk

Liquidity risk relates to the Group having insufficient liquid assets to cover current liabilities and unforeseen expenses.

The Group maintains a prudent approach to managing liquidity risk exposure by maintaining sufficient liquid assets and an ability to access a committed line of credit. It is managed by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Temporary surplus funds are invested in highly liquid, low risk financial assets.

The Group had access to un-drawn bank borrowing facilities at the balance date, on the terms described and disclosed in Note 22 Borrowings.

The liquidity requirements for licensed entities in the Group are regularly reviewed and carefully monitored in accordance with those licence requirements.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed therein are the contractual undiscounted cash flows.

	Consolidated					
2011	<3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables	50,637	-	27	-	50,664	50,664
Borrowings	6	13	19	-	38	38
Share buy-back liabilities (i)	-	-	-	43,112	43,112	43,112
	50,643	13	46	43,112	93,814	93,814

	Consolidated					
2010	<3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables	48,401	-	-	-	48,401	48,401
Borrowings	14,535	40	53	-	14,628	14,628
Share buy-back liabilities (i)	-	-	-	37,357	37,357	37,357
	62,936	40	53	37,357	100,386	100,386

(i) The Group is required to buy back vested shares held by executives of certain subsidiaries in the event of the death of those serving executives. Hence the probability of the total liability becoming payable in any individual financial year is very low. In addition, there are provisions that enable executives to put back their shares to the Group, but the maximum the Group is obliged to purchase in any individual financial year is capped at a small proportion of the class of shares of the relevant subsidiary. No contractual obligation exists in respect of these put options until a notice is received from an executive. No notices had been received at balance date.

5 Risk management (continued)

(c) Liquidity risk (continued)

2011	Parent <3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables	70	-	-	-	70	70
Borrowings	-	-	10,000	-	10,000	10,000
	70	-	10,000	-	10,070	10,070

2010	Parent <3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables	80	-	-	-	80	80
Borrowings	-	-	10,000	-	10,000	10,000
	80	-	10,000	-	10,080	10,080

Maturities of assets and liabilities

The tables below analyse the Group's assets and liabilities into current and non-current groupings. Assets and liabilities are classified as current where it is expected to be recovered or settled within 12 months from balance date. The amounts disclosed therein are the carrying values of the assets and liabilities.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current assets				
Cash and cash equivalents	152,999	132,780	45,959	617
Receivables	68,540	62,668	3,584	789
Other financial assets	42,840	31,293	61,819	35,106
Other assets	13,887	12,639	-	-
Investments backing policyholder liabilities	968,017	1,023,476	-	-
Total Current assets	1,246,283	1,262,856	111,362	36,512
Non-Current assets				
Receivables	4,528	5,000	10,758	10,758
Investments in equity-accounted investees	14,739	12,891	-	-
Other financial assets	17,733	16,461	850,660	849,796
Other assets	11,074	15,169	-	-
Property and equipment	12,553	8,165	-	-
Goodwill	491,856	491,856	-	-
Other intangible assets	258,997	276,694	-	-
Deferred tax assets	-	10,657	-	778
Total Non-Current assets	811,480	836,893	861,418	861,332
Current liabilities				
Payables	50,637	48,401	70	80
Borrowings	19	14,593	-	-
Current tax liabilities	32,108	23,093	29,387	20,563
Other financial liabilities	-	-	-	-
Provisions	35,706	41,263	-	550
Other liabilities	5,639	5,924	-	-
Policy liabilities	968,017	1,022,730	-	-
Current liabilities	1,092,126	1,156,004	29,457	21,193
Non-Current liabilities				
Payables	27	-	-	-
Borrowings	19	35	10,000	10,000
Other financial liabilities	43,112	37,357	-	-
Provisions	4,673	4,325	-	-
Deferred tax liabilities	4,074	-	13,113	-
Other liabilities	11,754	15,074	-	-
Total Non-Current liabilities	63,659	56,791	23,113	10,000
Net Assets	901,978	886,954	920,210	866,651

5 Risk management (continued)

(d) Life insurance risk

During the financial year the Group was exposed to life insurance risks through the subsidiary IOOF Life Ltd. These risks related to pricing, acceptance and management of mortality, morbidity and longevity risks from policyholders. The life policies of IOOF Life Ltd were transferred effective 1 September 2010 to Tower Australia Ltd. The Group had no exposure to life insurance risks as at 30 June 2011.

Insurance risks were controlled through the use of underwriting procedures, adequate premium rates and policy charges, and sufficient reinsurance arrangements; all of which were reviewed by the Appointed Actuary. Tight controls were also maintained over claims management practices to ensure the correct and timely payment of insurance claims.

Financial risks were monitored and controlled by selecting appropriate assets to back policy liabilities. The assets were regularly monitored by the Investment Committee to ensure there are no material exposures and that liability mismatching issues and other risks such as liquidity risk and credit risk are maintained within acceptable limits.

Refer to Note 40 Life Insurance Business for further details.

The Group's insurance operations are subject to regulatory capital requirements which prescribe the amount of capital to be held depending on the type, quality and concentration of investments held. Procedures are in place to monitor compliance with these requirements.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the current bid price.

The fair value of financial instruments that are not traded in an active market (such as share buy-back liabilities) is determined using valuation techniques. Valuation models have been established in consultation with professional accounting firms, using generally accepted valuation methodologies. These include estimated discounted cash flows. Certain assumptions are made that are based on market conditions existing at each balance date. Assumptions used included terminal growth rates of 5% which do not exceed the long-term average growth rate for each of the businesses and pre-tax discount rates in the range of 13-16%. The estimated fair values resulting from the valuation techniques are reasonable and the most appropriate at the balance date.

For details regarding the fair value of available-for-sale assets and assets carried at fair value, refer to Note 14 Other financial assets.

The carrying value of receivables, net of impairment provisions, and payables are assumed to approximate their fair values due to their short-term nature.

Loans and other receivables are carried at amortised cost using the effective interest method and closely approximate their estimated fair value. Refer to Note 14 Other financial assets for further details.

Units in unlisted trusts are carried at the current unit price for redemption of those units with the trust.

6 Financial instruments

For further information on financial instrument risk exposure, refer to Note 5 Risk management.

(a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Consolidated 30 June 2011		Consolidated 30 June 2010	
		Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Assets carried at fair value					
Available-for-sale investments	14	28,577	28,577	23,179	23,179
Financial assets designated at fair value through profit or loss	14	8,029	8,029	6,479	6,479
		36,606	36,606	29,658	29,658
Assets carried at amortised cost					
Cash and cash equivalents	12	152,999	152,999	132,780	132,780
Receivables	13	73,068	73,068	67,668	67,668
Loans and receivables	14	23,967	23,967	18,096	18,096
		250,034	250,034	218,544	218,544
Liabilities carried at fair value					
Share buy-back liabilities	23	43,112	43,112	37,357	37,357
Liabilities carried at amortised cost					
Payables	21	50,664	50,664	48,401	48,401
Unsecured cash advance facility	22	-	-	14,500	14,500
Finance lease liabilities	22	38	40	128	133
		50,702	50,704	63,029	63,034

6 Financial instruments (continued)

(a) Fair values versus carrying amounts (continued)

	Note	Parent 30 June 2011 Carrying amount $'000	Parent 30 June 2011 Fair value $'000	Parent 30 June 2010 Carrying amount $'000	Parent 30 June 2010 Fair value $'000
Assets carried at amortised cost					
Cash and cash equivalents	12	45,959	45,959	617	617
Receivables	13	14,342	14,342	11,547	11,547
Loans and receivables	14	61,819	61,819	35,106	35,106
		122,120	122,120	47,270	47,270
Liabilities carried at amortised cost					
Payables	21	70	70	80	80
Loan from controlled entity	22	10,000	10,000	10,000	10,000
		10,070	10,070	10,080	10,080

The basis for determining fair values is disclosed in note 5(e).

(b) Interest rates used for determining fair value

	2011	2010
Finance lease liabilities	5.3% - 9.5%	5.3% - 9.5%

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The Parent does not carry any assets at fair value.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Consolidated Level 1	Consolidated Level 2	Consolidated Level 3	Consolidated Total
30 June 2011				
Assets				
Available-for-sale investments	28,577	-	-	28,577
Financial assets designated at fair value through profit or loss	3,000	5,029	-	8,029
	31,577	5,029	-	36,606
Liabilities				
Share buy-back liabilities	-	-	43,112	43,112
	-	-	43,112	43,112
30 June 2010				
Assets				
Available-for-sale investments	23,179	-	-	23,179
Financial assets designated at fair value through profit or loss	2,851	3,628	-	6,479
	26,030	3,628	-	29,658
Liabilities				
Share buy-back liabilities	-	-	37,357	37,357
	-	-	37,357	37,357

Reconciliation of movements in level 3 financial liabilities	Share buy-back liabilities 2011 $'000	Share buy-back liabilities 2010 $'000
Opening balance as at 1 July 2010	37,357	16,386
Dividends paid to shareholders entitled to contractual share buy-back	(4,357)	(1,650)
Derecognition of non-controlling interests vested and subject to buy-back during the period	-	13,482
Revaluation of shareholder liabilities	10,112	9,139
	43,112	37,357

For further information on valuation methods for Level 3 financial instruments refer to note 5(e) fair valuation estimation.

7 Operating segments

The Group's chief operating decision maker is the Group Managing Director. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The principal products and services of each of these strategic business units are as follows:

Platform management and administration
The provision of administration and management services through master trust platforms, which offer a single access point to a range of investment products.

Investment management
The management and investment of monies on behalf of corporate, superannuation, institutional clients and private individual investor clients. Investment management segment includes revenue and results of the Perennial Group.

Financial advice and distribution
The provision of financial planning advice supported by services such as investment research, training, compliance support and access to financial products.

Estate and trustee services
The provision of estate planning, trustee, custodial, agency and estate administration services to clients.

Corporate and other
Corporate and other costs include those of a strategic, shareholder or governance nature necessarily incurred in carrying on business as a listed entity managing multiple business units.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Reconciliation of reportable segment revenues and expenses

	Total 2011 $'000	Total 2010 $'000
Revenues		
External management and service fee revenue	551,059	541,567
External other fee revenue	15,498	14,477
Other external revenue	64,845	61,297
Finance income	11,247	9,337
Consolidated revenue	642,649	626,678
Expenses		
Service fees and other direct costs	275,597	264,652
Amortisation of deferred acquisition costs	7,466	8,436
Operating expenditure	204,766	226,337
Share-based payments expense	3,232	2,027
Depreciation and amortisation	21,713	22,845
	512,774	524,297

Reconciliation of reportable segment assets and liabilities

	Total 2011 $'000	Total 2010 $'000
Assets		
Reportable segment assets	1,089,746	1,076,273
Investments backing policyholder liabilities	968,017	1,023,476
	2,057,763	2,099,749
Liabilities		
Reportable segment liabilities	187,768	190,065
Policy liabilities	968,017	1,022,730
	1,155,785	1,212,795

7 Operating segments (continued)

	Platform management and administration		Financial advice and distribution		Investment management		Estate and trustee services		Corporate and other		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
External management and service fee revenue	343,961	342,518	58,399	53,839	129,789	126,900	18,910	18,298	-	12	551,059	541,567
External other fee revenue	8,909	8,975	2,115	2,183	2,581	1,187	1,873	2,129	20	3	15,498	14,477
Inter-segment revenue (i)	-	-	68,502	66,898	-	-	-	-	-	-	68,502	66,898
Service fees and other direct costs	(97,516)	(99,749)	(125,084)	(115,903)	(53,216)	(49,336)	-	82	219	254	(275,597)	(264,652)
Amortisation of deferred acquisition costs	(4,500)	(5,188)	(2,966)	(3,248)	-	-	-	-	-	-	(7,466)	(8,436)
Inter-segment expenses (i)	(68,047)	(66,728)	-	-	(296)	(49)	(159)	(121)	-	-	(68,502)	(66,898)
Gross Margin	**182,807**	**179,828**	**966**	**3,769**	**78,858**	**78,702**	**20,624**	**20,388**	**239**	**269**	**283,494**	**282,956**
Other external revenue	-	16	61,964	58,957	1,721	300	323	-	837	2,024	64,845	61,297
Finance income	-	272	1,619	1,352	1,359	1,703	-	132	8,269	5,878	11,247	9,337
Inter-segment revenue (i)	-	-	504	422	-	-	-	-	-	-	504	422
Share of net profits of associates	3	-	146	24	9,052	7,564	-	-	-	-	9,201	7,588
Operating expenditure	(75,270)	(92,094)	(50,062)	(49,973)	(33,486)	(39,528)	(14,126)	(14,098)	(31,822)	(30,644)	(204,766)	(226,337)
Share-based payments expense	(626)	(564)	(760)	(596)	(698)	(667)	(95)	(72)	(1,053)	(128)	(3,232)	(2,027)
Finance costs	-	(4)	(18)	(7)	-	-	-	-	(743)	(1,085)	(761)	(1,096)
Inter-segment expenses (i)	-	-	-	-	-	-	-	-	(504)	(422)	(504)	(422)
Depreciation and amortisation	(12,778)	(13,382)	(5,410)	(5,212)	(2,688)	(2,806)	(116)	(144)	(721)	(1,301)	(21,713)	(22,845)
Reportable segment profit before income tax	**94,136**	**74,072**	**8,949**	**8,736**	**54,118**	**45,268**	**6,610**	**6,206**	**(25,498)**	**(25,409)**	**138,315**	**108,873**
Reportable segment assets (ii)	209,086	249,636	122,684	27,808	150,191	123,995	10,784	8,087	597,001	666,747	1,089,746	1,076,273
Reportable segment liabilities (ii)	(1,604)	4,465	41,020	26,903	68,589	59,214	308	116	79,455	99,367	187,768	190,065
Investment in associates	-	-	4,403	3,159	9,469	9,732	-	-	867	-	14,739	12,891

(i) Segment revenues, expenses and results include transfers between segments. Such transfers are priced on a commercial basis and are eliminated on consolidation.

(ii) Reportable segment assets and liabilities include inter-segment assets and liabilities.

Geographical segments

The Group predominantly operates in one geographical segment being Australia.

8 Revenue

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Management and Service Fees revenue *	551,059	541,567	-	-
Stockbroking revenue	61,173	57,959	-	-
Other fee revenue	15,498	14,477	-	-
Finance income				
Interest income on loans to directors of controlled and associated entities	636	523	2,089	1,829
Interest income from non-related entities	8,200	5,148	413	108
Dividends and distributions received	1,962	1,772	129,912	64,218
Net fair value gains on other financial assets at fair value through profit or loss	243	478	-	-
Profit on sale of financial assets	206	1,416	-	1,001
	11,247	9,337	132,414	67,156
Other revenue				
Service revenue charged to related parties	2,302	2,277	-	-
Profit on transfer of life policies	220	-	-	-
Other	1,150	1,061	8	-
	3,672	3,338	8	-
Total revenue	**642,649**	**626,678**	**132,422**	**67,156**

9 Expenses

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Service Fees and Other Direct Costs				
Service and marketing fees expense *	266,491	255,171	-	-
Other direct costs	9,106	9,481	175	(1,122)
	275,597	264,652	175	(1,122)
Operating expenditure				
Salaries and related employee expenses	121,223	129,619	-	-
Employee defined contribution plan expense	8,625	9,144	-	-
Information technology costs	32,195	27,304	-	-
Professional fees	4,724	5,358	484	247
Marketing	6,066	5,919	-	-
Office support and administration	12,629	17,096	12	(400)
Occupancy related expenses	12,088	14,424	-	-
Travel and entertainment	5,264	4,763	-	-
Services fees - controlled entities	-	-	-	2,745
Other	271	143	-	-
	203,085	213,770	496	2,592
Other expenses				
Share-based payments expense	3,232	2,027	-	-
Termination payments	1,296	7,874	-	-
Retention incentive payments	208	945	-	-
Depreciation of property and equipment	3,733	4,940	-	-
Amortisation of intangible assets	17,980	17,905	-	-
Loss on disposal of non-current assets	177	666	-	-
Onerous lease contract expense	-	3,082	-	-
Amortisation of deferred acquisition costs	7,466	8,436	-	-
	34,092	45,875	-	-
Total expenses	**512,774**	**524,297**	**671**	**1,470**

* Comparatives have been restated to remove prior period grossing of inter-company revenue and expenses on a basis consistent with the current reporting period.

10 Finance costs

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Interest	761	1,096	467	719

11 Income tax expense

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Current tax expense				
Current period	39,317	31,122	1	(2,750)
Adjustment for prior periods	(867)	(128)	(146)	15
	38,450	30,994	(145)	(2,735)
Deferred tax expense				
Origination and reversal of temporary differences	(529)	(2,558)	291	748
Adjustments recognised in the current year in relation to the deferred tax of prior years	(396)	2	(190)	207
Recognition of tax losses and deferred tax balances	-	(179)	-	-
	(925)	(2,735)	101	955
Total income tax expense from continuing operations	**37,525**	**28,259**	**(44)**	**(1,780)**
Income tax recognised directly in equity				
Disposal of treasury shares				
Before tax	-	2,555	-	-
Tax (expense)/benefit	-	(1,061)	-	-
Net of tax	-	1,494	-	-
Income tax recognised in other comprehensive income				
Available-for-sale financial assets				
Before tax	5,398	2,953	-	-
Tax (expense)/benefit	(1,866)	(1,643)	-	-
Net of tax	3,532	1,310	-	-

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense charged in the Income statement				
Profit before income tax	151,926	105,734	131,284	64,967
Life insurance revenue	(85,260)	(70,682)	-	-
Life insurance expense	71,649	73,821	-	-
Shareholder profit before income tax	138,315	108,873	131,284	64,967
Prima facie income tax at the Australian tax rate of 30%	41,495	32,662	39,385	19,490
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:				
Share of tax credits with benefit funds	1,520	2,260	-	-
Recognition of deferred tax balances	-	(179)	-	-
Internal interest charge	(109)	(162)	-	-
(Non assessable income)/Non-deductible expenses	2,352	793	(38,974)	(20,806)
Amortisation of deferred tax liability recorded on intangible assets	(2,966)	(3,822)	-	-
Share of net profits of associates	(2,761)	(2,276)	-	-
Assessable associate and subsidiary dividends	5,424	4,774	-	-
Tax losses not recognised	-	(347)	-	-
Imputation credits	(5,658)	(5,234)	-	-
Other	(509)	(82)	(119)	(479)
Under/(over) provided in prior periods	(1,263)	(128)	(336)	15
	37,525	**28,259**	**(44)**	**(1,780)**

11 Income tax expense (continued)

Tax consolidation

IOOF Holdings Ltd and its wholly owned entities have implemented the tax consolidation legislation.

The entities have entered into tax sharing and funding agreements. Under the terms of the tax funding agreement, the wholly owned entities fund or are reimbursed by IOOF Holdings Ltd for their share of the income tax expense / benefit arising in respect of their activities. This is recognised as a current tax related payable / receivable by IOOF Holdings Ltd and is either funded or reimbursed by the wholly owned entities each month.

In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly owned entities in the case of a default by IOOF Holdings Ltd.

Taxable income for the tax consolidated group includes the profit generated by IOOF Ltd benefit funds, which is distributable to policyholders of the Benefit Fund. The profit of these funds forms part of the consolidated profit for the calculation of the tax expense.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
12 Cash and cash equivalents				
Bank balances	152,999	132,780	45,959	617

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 5 Risk management.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
13 Receivables				
Receivables	39,848	35,623	14,299	11,539
Provision for impairment of receivables	(32)	(30)	-	-
Interest receivable - related parties	156	186	-	-
Security bond	4,500	5,000	-	-
Other debtors	374	936	-	6
Stockbroking debtors	6,242	3,245	-	-
Accrued income	21,980	22,708	43	2
	73,068	67,668	14,342	11,547

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in Note 5 Risk management.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
14 Other financial assets				
Fair value through profit or loss				
Certificates of deposit and bank bills	2,428	2,708	-	-
Shares in listed companies	572	143	-	-
Unlisted unit trusts	5,029	3,628	-	-
	8,029	6,479	-	-
Available-for-sale investments	28,577	23,179	-	-
Loans and other receivables				
Loans to directors and executives (i)	10,008	9,165	-	-
Seed capital receivable	7,153	7,153	-	-
Receivables from statutory benefit funds and other related parties	6,796	1,723	61,819	35,052
Other	10	55	-	54
	23,967	18,096	61,819	35,106
Investments carried at cost less accumulated impairment				
Investments in subsidiaries	-	-	849,796	849,796
Investments in associates	-	-	864	-
	-	-	850,660	849,796
	60,573	**47,754**	**912,479**	**884,902**

14 Other financial assets (continued)

(i) Loans to directors and executives

Loans to directors of controlled entities

The loans referred to above relate to amounts advanced to the Directors of controlled entities, Mr A Patterson, Mr A Mulcahy, Mr L Mickelburough and Mr R Macdougall. The amounts were advanced by Perennial Investment Partners Ltd to Directors for the specific purpose of assisting them to acquire an equity interest in subsidiaries of IOOF or in the case of Mr A Patterson another related party, Perennial Value Management Ltd. The secured interest bearing loans totalling $1,718,790 were made on commercial terms and conditions and unsecured loans to the value of $925,650 (2010: $925,650) are interest free.

Loans to directors of associates

The Director of an associate entity who received the loans referred to above was Mr J Murray. The amounts were advanced by Perennial Investment Partners Ltd for the specific purpose of assisting him to acquire an equity interest in another related party, Perennial Value Management Ltd. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender. Secured interest bearing loans totalling $4,246,831 were made on commercial terms and conditions and unsecured loans to the value of $790,180 (2010: $790,180) are interest free.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
15 Other assets				
Prepayments	9,370	7,442	-	-
Deferred acquisition costs	15,591	20,366	-	-
	24,961	27,808	-	-

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
16 Investments in equity-accounted investees				
Investment in associated entities	14,739	12,891	-	-

Name of entity	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %	Carrying value $'000	Group's Share of Profit/(Loss) $'000
Associates					
Perennial Value Management Ltd [(i)]	Australia	52.4	52.4	9,470	9,053
Police & Nurses Financial Planning Pty Ltd	Australia	35.0	35.0	1,014	14
Kiewa Street Planners Pty Ltd	Australia	40.0	-	1,229	68
Patron Financial Trust	Australia	26.0	-	867	3
Other Associates				2,159	63
				14,739	9,201

[(i)] At 30 June 2011, Perennial Investment Partners Ltd had a 52.4% (30 June 2010: 52.4%) shareholding interest in Perennial Value Management Ltd with a 42.4% (30 June 2010: 42.4%) dividend entitlement to the profits of Perennial Value Management Ltd. Due to the voting rights associated with different classes of shares in Perennial Value Management Ltd, this ownership interest does not result in control. However, Perennial Investment Partners Ltd can significantly influence Perennial Value Management Ltd under the terms of the agreement between these entities.

The Group's share of profit in its equity accounted investees for the year was $9,201,000 (2010: $7,588,000). A summary of financial information of the investments accounted for using the equity method, not adjusted for the percentage ownership held by the Group follows.

16 Investments in equity-accounted investees (continued)

	Assets $'000	Liabilities $'000	Revenues $'000	Net Profit/(Loss) $'000
30 June 2011				
Investment in associated entities	24,081	5,979	50,620	22,463
30 June 2010				
Investment in associated entities	20,843	5,144	32,771	18,407

Dividends received from associates

During the year, the Group received dividends of $9,378,000 (2010: $6,411,000) from its associates.

17 Property and equipment

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cost or deemed cost	41,225	34,385	-	78
Accumulated depreciation	(28,672)	(26,220)	-	(78)
	12,553	8,165	-	-

	Consolidated			
	Office equipment $'000	Leasehold improvements $'000	Equipment under finance lease $'000	Total $'000
Carrying value				
Balance at 1 July 2009	6,244	6,173	204	12,621
Acquisitions through business combinations	26	-	-	26
Additions	716	370	51	1,137
Disposals	(108)	(571)	-	(679)
Depreciation/amortisation	(2,636)	(2,174)	(130)	(4,940)
Balance at 30 June 2010	4,242	3,798	125	8,165
Balance at 1 July 2010	4,242	3,798	125	8,165
Additions	4,560	3,821	-	8,381
Disposals	(236)	(17)	(7)	(260)
Depreciation/amortisation	(2,304)	(1,343)	(86)	(3,733)
Balance at 30 June 2011	6,262	6,259	32	12,553

18 Goodwill

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Cost	496,465	496,465	-	-
Accumulated impairment	(4,609)	(4,609)	-	-
	491,856	491,856	-	-

	Consolidated 2011 $'000	Consolidated 2010 $'000
Cost		
Carrying value	491,856	479,455
Derecognition of non-controlling interests subject to buy-back [(i)]	-	12,401
Balance at 30 June	491,856	491,856

[(i)] The derecognition of non-controlling interests subject to buy-back relates to agreements entered into prior to 1 July 2009.

Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating divisions, or cash-generating units (CGUs), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Each CGU is not higher than the Group's operating segments as reported in Note 7 operating segments.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Platform management and administration	329,213	329,213
Multi manager	39,735	39,735
Perennial group	110,215	110,215
Consultum	723	723
IOOF Ltd	11,970	11,970
	491,856	491,856

The recoverable amounts for the relevant CGUs have been determined based on value-in-use calculations using first year cash flow projections from 2012 financial budgets approved by management and the Board. The manner in which the Group conducts each impairment assessment for years 2 to 5 and into perpetuity is discussed below by each relevant CGU.

CGU	Consultum	Perennial group	Multi manager	IOOF Ltd	Platform Management & Administration
Value in Use element					
Cash inflows years 2 - 5	A	C	B	D	B
Cash outflows years 2 - 5	E	E	E	D	E
Cash flows - perpetuity	3% growth from year 5	3% growth from year 5	3% growth from year 5	D	3% growth from year 5

A Reserve Bank of Australia forecast GDP growth rate

B Observed Australian managed funds annual compounding growth for March 2006 to March 2011

C Observed Australian equities and units in trusts annual compounding growth for March 2006 to March 2011

D Observed Australian friendly societies' annual compounding rate of decline for March 2006 to March 2011

E Blended rate of the underlying Australian forecast inflation levels and the applicable Reserve Bank of Australia GDP growth rate

The growth rates applied do not exceed the long-term average growth rate for businesses in which each CGU operates. The discount rate of 17.3 % used reflects the Group's pre-tax nominal weighted average cost of capital. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated to these CGUs, therefore any reasonably possible changes to assumptions used in management's assessment will not result in impairment.

Management has applied post tax WACC increments of 1% for Perennial Group and 3.5% for Consultum to reflect specific company risk premiums. These incremental amounts are judgement based and are consistent with accepted valuation industry practice.

In respect of the Perennial Group, goodwill has arisen from the acquisition of equity in Perennial Investment Partners Ltd and Perennial Fixed Interest Partners Pty Ltd while further goodwill has been recorded upon the recognition of an obligation the Group has to acquire shares from Perennial executives under shareholder agreements. These shareholder agreements involve the executives of Perennial Fixed Interest Partners Pty Ltd, Perennial Real Estate Investments Pty Ltd and Perennial Growth Management Pty Ltd.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
19 Other intangible assets				
Cost	302,684	307,195	-	-
Accumulated amortisation and impairment losses	(43,687)	(30,501)	-	-
	258,997	276,694	-	-

	Consolidated					
	Adviser relationships $'000	Computer software $'000	Customer relationships $'000	Brand names $'000	Contract Agreements $'000	Total $'000
Carrying value						
Balance at 1 July 2009	1,560	6,269	250,934	22,653	9,029	290,445
Additions	2,090	250	1,814	-	-	4,154
Amortisation for the year	(961)	(1,503)	(13,669)	(801)	(971)	(17,905)
Balance at 30 June 2010	2,689	5,016	239,079	21,852	8,058	276,694
Balance at 1 July 2010	2,689	5,016	239,079	21,852	8,058	276,694
Additions	-	307	-	-	-	307
Disposals	-	-	(24)	-	-	(24)
Amortisation for the year	(916)	(1,408)	(13,884)	(801)	(971)	(17,980)
Balance at 30 June 2011	1,773	3,915	225,171	21,051	7,087	258,997

Impairment testing for cash-generating units containing indefinite life intangible assets

For the purposes of impairment testing, indefinite life intangibles are allocated to the Group's operating divisions, or CGUs, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Each CGU is not higher than the Group's operating segments as reported in Note 7 operating segments.

The aggregate carrying amounts of indefinite-life intangible assets allocated to each CGU are as follows:

	Consolidated Indefinite life intangibles 2011 $'000	Consolidated Indefinite life intangibles 2010 $'000
Ord Minnett group	6,773	6,773

The indefinite life intangible asset relates to the Ord Minnett brand name. In designating the Ord Minnett brand name as indefinite life, consideration was given to the length of time the brand name has been in existence and it was determined that there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group.

The recoverable amount for the Ord Minnett group brand name has been determined based on a royalty savings method of calculating value in use. The calculation incorporates estimated costs of brand maintenance. The discount rate of 17% used reflects the Group's pre-tax nominal weighted average cost of capital. Management's assessment of indefinite life intangible value-in-use exceeds the value of the intangible asset allocated to the CGU, therefore any reasonably possible changes to assumptions used in management's assessment will not result in impairment.

20 Deferred tax assets and liabilities

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred tax asset balance comprises temporary differences attributable to:				
Employee benefits	8,603	8,755	-	-
Staff incentives	2,183	2,645	-	-
Impairment of receivables	9	9	-	-
Provision for legal costs	382	615	-	165
Provisions, accruals and creditors	3,181	3,209	-	-
Fixed assets and computer software	1,496	2,231	2	18
Unrealised investment gains and losses	115	237	-	-
Carry forward capital and revenue losses	827	606	594	-
Deferred fee income	3,810	4,991	-	-
Other	1,026	1,503	94	596
Deferred tax asset balance as at 30 June	21,632	24,801	690	779
Set-off of deferred tax liabilities pursuant to set-off provisions	(21,632)	(14,144)	(690)	(1)
Net deferred tax asset balance as at 30 June	-	10,657	-	778
Deferred tax liability balance comprises temporary differences attributable to:				
Unrealised gains	3,279	1,643	-	-
Deferred acquisition costs	4,677	6,109	-	-
Accrued income	3,262	3,083	13	1
Customer relationships	78	3,057	-	-
Prepayments	620	252	-	-
Uncertain tax position	13,790	-	13,790	-
	25,706	14,144	13,803	1
Set-off of deferred tax liabilities pursuant to set-off provisions	(21,632)	(14,144)	(690)	(1)
Net deferred tax liability balance as at 30 June	4,074	-	13,113	-
Reconciliation of movements				
Net carrying amounts at the beginning of the year	10,657	16,752	778	1,733
Acquisitions and disposals	-	179	-	-
Credited/(charged) to profit or loss (Note 11)	925	2,735	(101)	(955)
Temporary differences directly attributable to equity	(1,866)	(1,643)	-	-
Tax losses	-	(7,366)	-	-
Uncertain tax position	(13,790)	-	(13,790)	-
Carrying amount at the end of the year	**(4,074)**	**10,657**	**(13,113)**	**778**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deductible temporary differences	-	-	-	-
Tax losses	1,908	1,908	-	-
	1,908	1,908	-	-
Potential tax benefit	572	572	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
21 Payables				
Accounts payable	30,649	29,248	70	-
Income received in advance	859	2,439	-	-
Accrued expenses	15,478	13,141	-	-
Goods and service tax payable	3,678	3,573	-	80
	50,664	**48,401**	**70**	**80**

Payables are non-interest bearing and are expected to be paid within 12 months from the financial year end. The Group's exposure to currency risk is disclosed in Note 5 Risk management.

22 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing borrowings, which are measured at amortised cost.
For more information about the Group's exposure to interest rate and liquidity risk, see Note 5 Risk management.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Cash Advance & Working Capital Facility drawn - Commonwealth Bank of Australia [(a)]	-	14,500	-	-
Loan from controlled entity	-	-	10,000	10,000
Finance lease liabilities [(c)]	38	128	-	-
	38	**14,628**	**10,000**	**10,000**

(a) Cash Advance & Working Capital Facility

The cash advance facilities and working capital facility is provided under an Australian dollar line of credit facility, to which unrestricted access was available at balance date as follows:

	Consolidated 2011 $'000	Consolidated 2010 $'000
Total facilities	25,000	44,500
Used at 30 June	-	14,500
Unused at 30 June	**25,000**	**30,000**

The cash advance facility provided by Commonwealth Bank of Australia may be drawn down on at any time following the 2 business day accommodation notice required by the lender. The base interest rate is the average bid rate displayed on the first day of the period on Reuters page BBSY at or about 10:10am Melbourne time for bank accepted bills on that day having a tenor of 90 days (or such other time as may be agreed with the bank) and a margin of 0.5% per annum.

The financial liability under the facility has a fair value equal to its carrying amount.
Further information about the Group's exposure to risks arising from borrowings is provided in Note 5 Risk management.

(b) Other bank facilities

In addition to the cash advance and working capital facilities, the Group has a number of facilities with the Commonwealth Bank of Australia. These include equipment finance, MasterCard and contingent liability facilities. The aggregate of these facilities are $35.4 million.

(c) Finance lease liabilities

	Consolidated 2011		Consolidated 2010	
	Future minimum lease payments	Present value of minimum lease payments	Future minimum lease payments	Present value of minimum lease payments
Finance lease liabilities of the Group are payable as follows:	$'000	$'000	$'000	$'000
Less than one year	19	18	93	93
Between one and five years	21	20	40	35
	40	38	133	128
Less future finance charges	(2)		(5)	
	38		128	

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
23 Other financial liabilities				
Share buy-back liability	**43,112**	**37,357**	-	-

A liability has been recognised in respect of an obligation by the Group to buy back vested shares in some Perennial Group subsidiaries under certain circumstances. The above liabilities are recorded at fair value.

Further information about the Group's exposure to risks arising from other financial liabilities is provided in Note 5 Risk management.

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
24 Provisions				
Employee entitlements	37,328	38,080	-	-
Directors' retirement	659	594	-	-
Onerous contracts	730	3,082	-	-
Restructuring	-	998	-	-
Other provisions	1,662	2,834	-	550
	40,379	**45,588**	**-**	**550**

	Consolidated					
	Directors' retirement $'000	Onerous contracts $'000	Restructuring $'000	Employee Entitlements $'000	Other $'000	Total $'000
Balance at 1 July 2010	594	3,082	998	38,080	2,834	45,588
Provisions made during the period	65	-	-	18,651	376	19,092
Provisions utilised during the period	-	(2,352)	(998)	(19,403)	(1,548)	(24,301)
Balance at 30 June 2011	659	730	-	37,328	1,662	40,379

	Parent
	Other $'000
Balance at 1 July 2010	550
Provisions made during the period	210
Provisions utilised during the period	(760)
Balance at 30 June 2011	-

Directors' retirement provision

Directors appointed prior to 13 April 2003 are entitled to participate in a retirement benefits program which provides a cash based benefit to Non-Executive Directors at the time of their retirement from the Board.

Onerous contracts

The provision for onerous contracts represents the value of future lease payments net of anticipated recoveries from third parties, that the Group is presently obligated to make under non-cancellable operating lease contracts. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of these leases is less than 1 year and 3 months.

Other provisions

Other provisions have been made for the present value of the Directors' best estimates of legal settlements. The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice the outcome of the litigation.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
25 Other liabilities				
Deferred revenue liability	15,431	19,516	-	-
Lease incentives	1,962	1,482	-	-
	17,393	20,998	-	-

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
26 Share capital				
231,903,558 fully paid ordinary shares (2010: 230,156,479)	868,451	858,178	868,451	858,628

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Consolidated			
	2011 No. '000	2011 $'000	2010 No. '000	2010 $'000
Ordinary shares				
On issue at 1 July	230,156	858,181	229,795	855,106
Adviser performance rights vested during the year (note 31)	46	453	27	234
Issue of shares on exercise of options under executive and employee share option plan (note 31)	1,702	9,464	334	1,670
Employee performance rights vested during the year (note 31)	-	330	-	3,053
Transfer from employee equity-settled benefits reserve on exercise of options (note 27)	-	440	-	120
Treasury shares transferred to employees during the year	-	(3)	-	(2,002)
On-market purchase of treasury shares transferred to employees during the year	-	(414)	-	-
On issue at 30 June	231,904	868,451	230,156	858,181
Treasury shares				
On issue at 1 July	(1)	(3)	(1,392)	(5,497)
Employee performance rights vested during the year (note 31)	1	3	507	2,002
Treasury shares sold on-market	-	-	884	3,492
On issue at 30 June	-	-	(1)	(3)
	231,904	868,451	230,155	858,178

	Parent			
	2011 No. '000	2011 $'000	2010 No. '000	2010 $'000
Ordinary shares				
On issue at 1 July	230,156	858,628	229,795	855,108
Adviser performance rights vested during the year (note 31)	46	453	27	234
Issue of shares on exercise of options under executive and employee share option plan (note 31)	1,702	9,464	334	1,670
Employee performance rights vested during the year (note 31)	-	330	-	3,053
Transfer from employee equity-settled benefits reserve on exercise of options (note 27)	-	1,049	-	347
Transfer of lapsed share options	-	(1,077)	-	-
Acquisition of treasury shares	-	(396)	-	(1,784)
On issue at 30 June	231,904	868,451	230,156	858,628

Treasury shares

Treasury shares are shares bought or transferred to the IOOF Executive Performance Share Plan Trust in respect of the employee share scheme. The Executive Performance Share Trust is controlled by the Group and is therefore consolidated.

26 Share capital (continued)

Capital risk management

The Group's and the Company's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, buy back its shares on market, issue new shares, sell assets, or otherwise adjust debt levels.

The Group and the Company monitor capital on the basis of investment capital, working capital and regulatory capital.

Investment capital is the Group's capital that is not required for regulatory and working capital requirements of the business. The investment capital is invested in:

- bank deposits
- bank bills
- subsidiaries
- available-for-sale assets
- unit trusts, as investments, and
- Group operated unit trusts, as seed capital.

The investment capital is available to support the organic development of new businesses and products and to respond to investment and growth opportunities such as acquisitions, as they arise. The seed capital is primarily available to support the business in establishing new products and is also used to support solvency requirements of the benefit funds.

Working capital is the capital that is required to meet the day to day operations of the business.

Regulatory capital is the capital which the Group is required to hold as determined by legislative and regulatory requirements in respect of its life insurance business and financial services licensed operations. During the year, the Group has complied with all externally imposed capital requirements to which it is subject.

Each subsidiary manages its own capital required to support planned business growth and meet regulatory requirements. Australian Prudential Regulation Authority (APRA) regulated subsidiaries have their own capital management plan which specifically addresses the regulatory requirements of that entity and sets a target surplus over minimum regulatory requirements. Regular monitoring of regulatory requirements ensures sufficient capital is available and appropriate planning is made to retain target surpluses. IOOF Holdings Ltd is primarily the provider of equity capital to its subsidiaries. Such investment is funded by IOOF Holding Ltd's own investment capital, through capital issues, profit retention and, in some instances, by debt.

Subsidiary capital generated in excess of planned requirements is returned to IOOF Holdings Ltd, usually by way of dividends.

A standby facility is in place as a safeguard against a temporary need for funds and to provide a short term funding facility that allows the business to take advantage of acquisition opportunities as they arise.

The weighted average cost of capital is regularly monitored. Funding decisions take into consideration the cost of debt versus the cost of equity with emphasis on the outcome that is best for shareholder interests.

During 2011, the Group's capital risk management strategy was unchanged from 2010.

Further information in relation to solvency requirements imposed by the Life Insurance Act is provided in note 40(h) Life Insurance Business – Solvency Requirements.

	Consolidated		Parent	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
27 Reserves				
Asset revaluation reserve	1,072	1,072	-	-
Available-for-sale investment revaluation reserve	5,283	1,751	-	-
Business combinations reserve	(301)	(301)	-	-
Share buy back revaluation reserve	(19,097)	(9,124)	-	-
Share-based payments reserve	5,287	3,278	8,246	5,903
	(7,756)	(3,324)	8,246	5,903
Asset revaluation reserve				
Balance at 1 July	1,072	1,072	-	-
Amount recognised during the year	-	-	-	-
Balance at 30 June	1,072	1,072	-	-

The asset revaluation reserve has arisen on the revaluation of the existing 25% interest in the adviser relationship asset held at the time of the acquisition of Financial Partnership Pty Ltd.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
27 Reserves (continued)				
Available-for-sale investment revaluation reserve				
Balance at 1 July	1,751	441	-	-
Valuation gain/(loss) recognised	5,398	2,953	-	-
Related income tax	(1,866)	(1,643)	-	-
Balance at 30 June	5,283	1,751	-	-

The available-for-sale investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Business combinations reserve				
Balance at 1 July	(301)	-	-	-
Acquisition of non-controlling interests	-	(301)	-	-
Balance at 30 June	(301)	(301)	-	-

The Group has applied AASB 127 (2008) for the acquisition of non-controlling interests. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions, movements are instead recorded in the business combinations reserve.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Share buy back revaluation reserve				
Balance at 1 July	(9,124)	15	-	-
Valuation gain/(loss) recognised	(10,112)	(9,139)	-	-
Derecognition of non-controlling interest subject to buy-back	139	-	-	-
Balance at 30 June	(19,097)	(9,124)	-	-

Refer to note 4 to the financial statements for further information on the change in accounting policy and restatement.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
Share-based payments reserve				
Balance at 1 July	3,278	4,658	5,903	7,642
Share-based payments expense recognised (note 9)	3,232	2,027	-	-
Share-based payment expense recognised in controlled entities	-	-	3,098	1,895
Transfer of lapsed share options	-	-	1,077	-
Transfer to issued capital on exercise of options (note 31)	(440)	(120)	(1,049)	(347)
Adviser performance rights vested during the year (note 26)	(453)	(234)	(453)	(234)
Performance rights vested during the year (note 31)	(330)	(3,053)	(330)	(3,053)
Balance at 30 June	5,287	3,278	8,246	5,903

The equity-settled employee benefits reserve arises on the grant of performance rights and share options to executives and senior employees under the employee share plan. Amounts are transferred out of the reserve and into issued capital when the shares are transferred to employees or options are exercised.

Further information about share-based payments to employees is made in note 31 to the financial statements.

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent 2011 $'000	Parent 2010 $'000
28 Retained earnings				
Balance at 1 July	15,583	14,388	2,120	13,569
Profit for the period attributable to owners of the Company	99,489	77,371	131,328	66,747
Profit/(loss) for the period attributable to policyholders of the IOOF Life Statutory Fund	(11)	171	-	-
Dividends paid	(89,935)	(77,841)	(89,935)	(78,196)
Profit on treasury shares sold on-market	-	1,494	-	-
Balance at 30 June	25,126	15,583	43,513	2,120

Retained earnings has been restated as a result of the change in accounting policy for share buy-back liabilities. Refer to note 4 for further information.

29 Dividends

The following dividends were declared and paid by the Group:

	Cents per share	Total amount $'000	Date of payment	Franked / Unfranked
2011				
Final 2010 dividend	18.0	41,443	13 October 2010	Franked
Interim 2011 dividend	21.0	48,492	23 March 2011	Franked
	39.0	89,935		
2010				
Special dividend	13.0	29,877	31 July 2009	Franked
Final 2009 dividend	4.0	9,193	16 October 2009	Franked
Interim 2010 dividend	17.0	39,127	24 March 2010	Franked
	34.0	78,197		

Franked dividends declared or paid during the year were franked at the tax rate of 30 per cent.

Dividend amounts are inclusive of any dividends paid on Treasury Shares.

After 30 June 2011 the following dividends were declared by the directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total amount $'000	Date of payment	Franked / Unfranked
Final 2011 dividend	22.0	51,019	20 October 2011	Franked

	Company 2011 $'000	Company 2010 $'000
Dividend franking account		
30 per cent franking credits available to shareholders of IOOF Holdings Ltd for subsequent financial years	13,920	39,002

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities; and

(b) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends declared after the balance date but not recognised as a liability is to reduce it by $21,865,000 (2010: $17,755,000).

30 Earnings per share

	Consolidated 2011 cents	Consolidated 2010 cents
Basic earnings per share	43.1	33.7
Diluted earnings per share	42.9	33.6

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	$'000	$'000
Profit for the period attributable to owners of the Company	99,489	77,371
Earnings used in the calculation of basic EPS	99,489	77,371

Weighted average number of ordinary shares	No. '000	No. '000
Weighted average number of ordinary shares (basic)	230,676	229,922
Effect of unvested performance rights	580	683
Effect of share options on issue	654	309
Weighted average number of ordinary shares (diluted)	231,910	230,914

At 30 June 2011, 1,164,122 options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would not have been dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

31 Share-based payments

The Group operates a number of employee share and option schemes under the IOOF Executive Share Option Plan, the IOOF Executive Performance Share Plan and the Non-Executive Director Deferred Share Purchase Plan and the IOOF Deferred Share Plan for the Managing Director.

IOOF Executive Share Option Plan

The Group has an ownership-based compensation scheme for executives and senior employees of the Group. The establishment of the employee share option plans were approved by the Board of Directors.

Selected employees may be granted options which entitle them to purchase ordinary fully paid shares in IFL at a price fixed at the time the options are granted. Voting and dividend rights will be attached to the unissued ordinary shares when the options have been exercised. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Remuneration and Nominations Committee regards the grant of options to employees as an appropriate long-term incentive and retention component of total remuneration for executives and senior employees. It is expected that future annual grants of options will be made, the vesting of which will be subject to attainment of appropriate performance hurdles and on the basis of continuing employment with the Group.

Options granted under the plan carry no dividend or voting rights. All plans are equity-settled.

IOOF Executive Performance Share Plan

The IOOF Executive Performance Share Plan is the vehicle used to deliver equity based incentives to executives and senior employees of the Group.

Each employee receives ordinary shares of the Company on vesting of the performance rights. No amounts are paid or payable by the recipient on receipt of the performance rights or on vesting. The performance rights carry neither rights to dividends nor voting rights prior to vesting.

The Remuneration and Nominations Committee regards the grant of performance rights to employees as an appropriate long-term incentive and retention component of total remuneration for executives and senior employees. It is expected that future annual grants of performance rights will be made, the vesting of which will be subject to attainment of appropriate performance hurdles and on the basis of continuing employment with the Group.

Performance rights granted under the plan carry no dividend or voting rights. All plans are equity-settled.

Non-Executive Director (NED) Share Purchase Plan

Each Non-Executive Director is eligible to participate in the NED Share Purchase Plan. The NED Share Purchase Plan is a NED salary sacrifice plan and is not captured as a share based payment expense.

Deferred Share Plan

A Short Term Incentive (STI) mandatory deferral program was implemented from 2010, with equity deferral relating to 50% of the Managing Directors' STI for that year. In 2011, one third of the Managing Directors' STI was deferred into equity.

31 Share-based payments (continued)

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Options Series - Recipient	Exercise price	Vesting date	Exercise period		Performance related vesting conditions
	$		Commence	Expires	
2010-5 Managing Director	6.93	23-Nov-2013	23-Nov-2013	23-Nov-2016	Earnings per share & return on equity
2010-5 Managing Director	6.93	23-Nov-2014	23-Nov-2014	23-Nov-2016	Earnings per share & return on equity
2010-5 Managing Director	6.93	23-Nov-2015	23-Nov-2015	23-Nov-2016	Earnings per share & return on equity
2010-4 Senior Management	6.14	01-Jul-2013	01-Jul-2013	30-Jun-2015	Nil
2010-3 Senior Management	7.01	04-May-2013	04-May-2013	04-May-2016	Nil
2010-2 Senior Management	7.40	31-Jul-2010	01-Aug-2013	02-Aug-2014	Nil
2010-2 Senior Management	7.40	31-Jul-2011	01-Aug-2013	02-Aug-2014	Nil
2010-2 Senior Management	7.40	31-Jul-2012	01-Aug-2013	02-Aug-2014	Nil
2010-2 Senior Management	7.40	31-Jul-2013	01-Aug-2013	02-Aug-2014	Nil
2010-2 Senior Management	7.40	30-Jun-2013	01-Aug-2013	02-Aug-2014	FUM target & earnings per share [(1)]
2009-20 Senior Management	5.68	31-Jul-2009	01-Aug-2012	02-Aug-2013	Nil
2009-20 Senior Management	5.68	31-Jul-2010	01-Aug-2012	02-Aug-2013	Nil
2009-20 Senior Management	5.68	31-Jul-2011	01-Aug-2012	02-Aug-2013	Nil
2009-20 Senior Management	5.68	31-Jul-2012	01-Aug-2012	02-Aug-2013	Nil
2009-20 Senior Management	5.68	30-Jun-2012	01-Aug-2012	02-Aug-2013	FUM target & earnings per share [(1)]
2009-16 Managing Director	5.20	27-Nov-2012	27-Nov-2012	27-Nov-2015	Earnings per share & return on equity
2009-16 Managing Director	5.20	27-Nov-2013	27-Nov-2013	27-Nov-2015	Earnings per share & return on equity
2009-16 Managing Director	5.20	27-Nov-2014	27-Nov-2014	27-Nov-2015	Earnings per share & return on equity
2008-08 Senior Management	3.15	31-Jul-08	02-Aug-2011	02-Aug-2012	Nil
2008-08 Senior Management	3.15	31-Jul-09	02-Aug-2011	02-Aug-2012	Nil
2008-08 Senior Management	3.15	31-Jul-10	02-Aug-2011	02-Aug-2012	Nil
2008-08 Senior Management	3.15	31-Jul-11	02-Aug-2011	02-Aug-2012	Nil
2008-08 Senior Management	3.15	30-Jun-11	02-Aug-2011	02-Aug-2012	FUM target & earnings per share [(1)]
Legacy options series					
2009-21 Senior Management	3.15	30-Apr-2009	30-Apr-2009	31-Dec-2010	Nil
2009-15 Former CEO	9.89	27-Nov-2009	27-Nov-2009	27-Nov-2011	Nil
2009-11 Senior Management	6.34	30-Jun-2009	30-Jun-2009	01-Jul-2011	Nil
2009-11 Senior Management	6.34	30-Jun-2010	30-Jun-2010	01-Jul-2011	Nil
2009-10 Managing Director	4.99	30-Jun-2009	30-Jun-2009	01-Jul-2012	Nil
2009-09 Managing Director	9.99	30-Apr-2009	30-Apr-2009	22-Nov-2012	Nil
2009-09 Managing Director	9.99	22-Nov-2009	22-Nov-2009	22-Nov-2012	Nil
2009-09 Managing Director	9.99	22-Nov-2010	22-Nov-2010	22-Nov-2012	Nil
2009-08 Senior Management	9.36	30-Apr-2009	30-Apr-2009	30-Jun-2013	Nil
2009-08 Senior Management	9.36	05-Sep-2009	05-Sep-2009	30-Jun-2013	Nil
2009-08 Senior Management	9.36	05-Sep-2010	05-Sep-2010	30-Jun-2013	Nil
2009-07 Senior Management	9.36	30-Apr-2009	30-Apr-2009	30-Jun-2013	Nil
2009-07 Senior Management	9.36	30-Jun-2009	30-Jun-2009	30-Jun-2013	Nil
2009-07 Senior Management	9.36	30-Jun-2010	30-Jun-2010	30-Jun-2013	Nil
2009-06 Senior Management	9.69	30-Apr-2009	30-Apr-2009	29-Mar-2011	Nil
2009-05 Senior Management	9.17	30-Apr-2009	30-Apr-2009	09-Jan-2011	Nil
2009-04 Senior Management	5.52	30-Apr-2009	30-Apr-2009	30-Nov-2011	Nil
2009-02 Senior Management	3.73	30-Apr-2009	30-Apr-2009	16-Jun-2014	Nil
2009-01 Senior Management	2.98	30-Apr-2009	30-Apr-2009	15-Feb-2014	Nil
2008-04 Senior Management	3.15	01-Jul-2011	01-Jul-2011	31-Dec-2010	Nil
2008-05 Senior Management	3.15	01-Jul-2011	01-Jul-2011	31-Dec-2010	Nil

[(1)] 50% of the rights and 50% of the options vest subject to achievement of the Perennial Group's three year Funds Under Management forecast and 50% based on the achievement of a compounding Group cash earnings per share in excess of 10% each year over the performance period.

31 Share-based payments (continued)

On vesting of performance rights, ordinary shares are held in trust for up to two years from the vesting date, after which time they may remain in trust, be transferred to the employee's name or sold. The employee receives all dividends on the ordinary shares while held in trust. The vesting of all issuances is subject to continuing employment.

The following share-based payment arrangements were in existence during the current and comparative reporting periods:

Performance Rights Series - Recipient	Exercise price	Vesting date	Exercise period		Performance related vesting conditions
			Commence	Expires	
2010-6 Managing Director	nil	23-Nov-13	23-Nov-13	23-Nov-16	Total shareholder return & return on equity
2010-6 Managing Director	nil	23-Nov-14	23-Nov-14	23-Nov-16	Total shareholder return & return on equity
2010-6 Managing Director	nil	23-Nov-15	23-Nov-15	23-Nov-16	Total shareholder return & return on equity
2010-1 Senior Management	nil	31-Jul-10	31-Jul-10	31-Jul-15	Nil
2010-1 Senior Management	nil	31-Jul-11	31-Jul-11	31-Jul-15	Nil
2010-1 Senior Management	nil	31-Jul-12	31-Jul-12	31-Jul-15	Nil
2010-1 Senior Management	nil	31-Jul-13	31-Jul-13	31-Jul-15	Nil
2010-1 Senior Management	nil	30-Jun-13	30-Jun-13	31-Jul-15	FUM target & earnings per share (1)
2009-14 Managing Director	nil	27-Nov-12	27-Nov-12	27-Nov-15	Total shareholder return & return on equity
2009-14 Managing Director	nil	27-Nov-13	27-Nov-13	27-Nov-15	Total shareholder return & return on equity
2009-14 Managing Director	nil	27-Nov-14	27-Nov-14	27-Nov-15	Total shareholder return & return on equity
2008-07 Senior Management	nil	31-Jul-09	31-Jul-09	31-Jul-14	Nil
2008-07 Senior Management	nil	31-Jul-10	31-Jul-10	31-Jul-14	Nil
2008-07 Senior Management	nil	31-Jul-11	31-Jul-11	31-Jul-14	Nil
2008-07 Senior Management	nil	31-Jul-12	31-Jul-12	31-Jul-14	Nil
2008-07 Senior Management	nil	30-Jun-12	30-Jun-12	31-Jul-14	FUM target & earnings per share (1)
2007-05 Senior Management	nil	31-Jul-09	31-Jul-09	31-Jul-13	Nil
2007-05 Senior Management	nil	31-Jul-10	31-Jul-10	31-Jul-13	Nil
2007-05 Senior Management	nil	31-Jul-11	31-Jul-11	31-Jul-13	Nil
2007-05 Senior Management	nil	30-Jun-11	30-Jun-11	31-Jul-13	Nil
2007-05 Senior Management	nil	30-Jun-11	30-Jun-11	31-Jul-13	FUM target & earnings per share (1)
Legacy performance rights series					
2009-18 Advisers	nil	30-Jun-12	30-Jun-12	30-Jun-12	Nil
2008-06 Advisers	nil	30-Jun-11	30-Jun-11	30-Jun-11	Nil
2007-04 Advisers	nil	30-Jun-10	30-Jun-10	30-Jun-10	Nil
2009-17 Senior Management	nil	01-Dec-12	01-Dec-12	01-Dec-14	Nil
2008-02 Senior Management	nil	30-Jun-10	30-Jun-10	30-Jun-13	Nil
2008-02 Senior Management	nil	30-Jun-11	30-Jun-11	30-Jun-13	FUM target & earnings per share (1)
2008-01 Senior Management	nil	01-Dec-11	01-Dec-11	01-Dec-13	Nil (2)
2007-02 Senior Management	nil	30-Jun-10	30-Jun-10	30-Jun-12	Nil (2)
2007-01 Senior Management	nil	01-Dec-10	01-Dec-10	01-Dec-12	Nil (2)

(1) 50% of the rights and 50% of the options vest subject to achievement of the Perennial Group's three year FUM forecast and 50% based on the achievement of a compounding Group cash earnings per share in excess of 10% each year over the performance period.

(2) Prior to the acquisition of AWM, the performance hurdles for vesting of the performance rights was on the Group's achievement of pre-determined TSR (60%), cash EPS (20%) and return on equity (20%). As a consequence of the acquisition, in accordance with the terms of the Share Plan, the Remuneration Committee exercised its discretion to waive the performance hurdles in respect of unvested performance rights as it is now impractical to measure performance against the hurdles on the basis established prior to the acquisition. As a result, the remaining performance hurdle is ongoing service only.

	Options		Performance Rights	Deferred Shares	Total
	Weighted average exercise price	Number of options	Number of rights	Number of shares	Number of options, rights & shares
	$	No.	No.	No.	No.
Opening balance at 1 July 2010	$ 6.98	4,704,271	588,918	48,238	5,341,427
Forfeited or lapsed during the period	$ 8.04	(674,103)	(27,416)	-	(701,519)
Exercised during the period	$ 5.56	(1,700,899)	(105,288)	-	(1,806,187)
Granted during the period	$ 6.31	2,450,000	160,000	31,694	2,641,694
Outstanding at 30 June 2011	$ 7.00	4,779,269	616,214	79,932	5,475,415
Exercisable at 30 June 2011	$ 8.94	1,362,645	105,317	24,119	1,467,962

31 Share-based payments (continued)

Disclosure of share-based payment programmes

Series - Recipient	Exercise price	Opening balance as at 1 July 2010	Granted	Forfeited or Lapsed	Exercised	Closing balance as at 30 June 2011	Vested
2008-4 Options - Senior Management	3.15	80,000	-	-	(80,000)	-	-
2008-5 Options - Senior Management	3.15	100,000	-	-	(100,000)	-	-
2009-21 Options - Senior Management	3.15	100,000	-	-	(100,000)	-	-
2008-8 Options - Senior Management	3.15	150,000	-	(75,000)	-	75,000	56,250
2009-1 Options - Executives	2.98	160,857	-	-	(107,238)	53,619	53,619
2009-2 Options - Executives	3.73	26,809	-	-	-	26,809	26,809
2009-4 Options - Executives	5.52	214,476	-	-	(80,428)	134,048	134,048
2009-5 Options - Executives	9.17	254,690	-	(254,690)	-	-	-
2009-6 Options - Senior Staff	9.69	81,749	-	(81,749)	-	-	-
2009-7 Options - Executives	9.36	254,690	-	(107,238)	-	147,452	147,452
2009-8 Options - Senior Staff	9.36	218,477	-	(26,807)	-	191,670	191,670
2009-9 Options - Managing Director	9.99	134,047	-	-	-	134,047	134,047
2009-11 Options - Senior Staff	6.34	1,286,852	-	(53,619)	(1,233,233)	-	-
2009-15 Options - Former CEO	9.89	675,000	-	-	-	675,000	675,000
2009-16 Options - Managing Director	5.20	316,624	-	-	-	316,624	-
2009-20 Options - Senior Management	5.68	150,000	-	-	-	150,000	37,500
2010-02 Options - Senior Management	7.40	-	150,000	-	-	150,000	18,750
2010-03 Options - Executives	7.01	500,000	-	-	-	500,000	-
2010-04 Options - Executives	6.14	-	2,000,000	(75,000)	-	1,925,000	-
2010-05 Options - Managing Director	6.93	-	300,000	-	-	300,000	-
		4,704,271	2,450,000	(674,103)	(1,700,899)	4,779,269	1,475,145
2007-1 Rights - Senior Management	$nil	20,181	-	-	(20,181)	-	-
2007-2 Rights - Senior Management	$nil	13,460	-	-	(13,460)	-	-
2007-4 Rights - Advisers	$nil	46,180	-	-	(46,180)	-	-
2007-5 Rights - Senior Management	$nil	7,500	-	(2,500)	(1,250)	3,750	-
2008-1 Rights - Senior Management	$nil	41,614	-	-	-	41,614	-
2008-2 Rights - Senior Management	$nil	65,151	-	(21,717)	(21,717)	21,717	21,717
2008-6 Rights - Advisers	$nil	86,799	-	(3,199)	-	83,600	83,600
2008-7 Rights - Senior Management	$nil	8,750	-	-	(1,250)	7,500	-
2009-14 Rights - Managing Director	$nil	150,000	-	-	-	150,000	-
2009-17 Rights - Senior Management	$nil	32,970	-	-	-	32,970	-
2009-18 Rights - Advisers	$nil	116,313	-	-	-	116,313	-
2010-01 Rights - Senior Management	$nil	-	10,000	-	(1,250)	8,750	-
2010-06 Rights - Managing Director	$nil	-	150,000	-	-	150,000	-
		588,918	160,000	(27,416)	(105,288)	616,214	105,317
2010-07 Deferred - Managing Director	$nil	48,238	-	-	-	48,238	24,119
2012-03 Deferred - Managing Director	$nil	-	31,694	-	-	31,694	-
		48,238	31,694	-	-	79,932	24,119
		5,341,427	**2,641,694**	**(701,519)**	**(1,806,187)**	**5,475,415**	**1,604,581**

The options outstanding at 30 June 2011 have an exercise price in the range of $2.98 to $9.99 and a weighted average contractual life of 3.2 years.

The weighted average share price at the date of exercise for share options exercised during the year ended 30 June 2011 was $6.84 (2010: $6.59).

31 Share-based payments (continued)

Inputs for measurement of grant date fair values granted during the financial year

The grant date fair value of the options granted through the employee share option plans were measured based on Monte Carlo sampling, where an external market-based performance hurdle exists. The grant date fair value of all other share-based payment plans were measured based on a binomial options pricing model. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Series	Fair value	Exercise price	Grant date share price	Expected volatility	Expected life (years)	Dividend yield	Risk-free interest rate
2010-02 Options - Senior Management	1.27	7.40	5.84	48%	3	6%	6%
2010-04 Options - Executives	2.14	6.14	6.55	51%	5	5%	6%
2010-05 Options (1) - Managing Director	2.25	6.93	7.27	50%	3	5%	6%
2010-05 Options (2) - Managing Director	2.45	6.93	7.27	50%	4	5%	6%
2010-05 Options (3) - Managing Director	2.58	6.93	7.27	50%	5	5%	6%
2010-01 Rights - Senior Management	5.84	nil	5.84	50%	3	5%	6%
2010-06 Rights (1) - Managing Director	3.63	nil	7.27	50%	3	5%	6%
2010-06 Rights (2) - Managing Director	3.47	nil	7.27	50%	4	5%	6%
2010-06 Rights (3) - Managing Director	3.30	nil	7.27	50%	5	5%	6%

32 Remuneration of auditors

Auditors' remuneration paid or payable by members of the IOOF Holdings Ltd Group to the auditors of the corporate entities in relation to audit services of the corporate entities and products operated by the Group during the year and for the comparative prior period:

	Consolidated		Parent	
	2011	2010	2011	2010
	$	$	$	$
Audit services				
Auditors of the Company				
KPMG Australia				
Audit and review of financial reports	1,978,315	1,808,510	304,000	225,522
Other regulatory audit services	535,700	529,990	-	-
	2,514,015	2,338,500	304,000	225,522
Other auditors	-	441,800	-	-
	2,514,015	2,780,300	304,000	225,522
Other services				
Auditors of the Company				
KPMG Australia				
Taxation services	332,880	446,680	-	-
Other services	87,292	51,772	-	-
	420,172	498,452	-	-
Other auditors	-	911,080	-	-
	420,172	1,409,532	-	-

All amounts payable to the Auditors of the Company were paid by a Group subsidiary.

33 Key management personnel

The key management personnel compensation comprised:

	Consolidated		Parent	
	2011	2010	2011	2010
	$	$	$	$
Short-term employee benefits	8,281,722	6,287,034	-	-
Post-employment benefits	226,525	183,959	-	-
Other long term benefits	64,593	-	-	-
Share-based payments	1,867,224	707,330	-	-
	10,440,065	7,178,323	-	-

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

34 Related party transactions

(a) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 33 to the financial statements and in the Remuneration Report.

ii. Loans to key management personnel

There are no loans between the Group and key management personnel.

iii. Key management personnel equity holdings

Fully paid ordinary shares of IOOF Holdings Ltd

Ordinary shares		Balance at 1 July No.	Received on exercise of options No.	Acquired via salary sacrifice [2] No.	Net other change No.	Balance at 30 June [1] No.
Directors						
I Blair	**2011**	**30,477**	**-**	**4,259**	**-**	**34,736**
	2010	25,215	-	5,262	-	30,477
I Griffiths	**2011**	**4,280,280**	**-**	**-**	**-**	**4,280,280**
	2010	4,626,695	-	-	(346,415)	4,280,280
J Harvey	**2011**	**8,722**	**-**	**1,703**	**-**	**10,425**
	2010	6,385	-	2,337	-	8,722
C Kelaher	**2011**	**4,244,818**	**-**	**-**	**-**	**4,244,818**
	2010	4,916,415	334,584	-	(1,006,181)	4,244,818
J Pfeiffer	**2011**	**26,855**	**-**	**5,941**	**-**	**32,796**
	2010	19,483	-	7,372	-	26,855
R Sexton	**2011**	**38,548**	**-**	**3,169**	**-**	**41,717**
	2010	24,839	-	3,709	10,000	38,548
G Venardos	**2011**	**20,013**	**-**	**-**	**-**	**20,013**
	2010	15,013	-	-	5,000	20,013

(1) The equity holdings for the above individuals is inclusive of both direct and indirect shareholdings. Refer to the Remuneration Report for further information regarding individuals shareholdings.

(2) Represent directors' fees sacrificed into the Non-Executive Director Deferred Share Purchase Plan.

34 Related party transactions (continued)

(a) Transactions with key management personnel (continued)

Ordinary shares		Balance at 1 July No.	Received on exercise of options No.	Received on vesting of performance rights No.	Net other change No.	Balance at 30 June [(1)] No.
Other Key Management Personnel of the Group						
S Abley	**2011**	**16,244**	-	-	-	**16,244**
	2010	9,835	-	6,409	-	16,244
M Carter	**2011**	**26,938**	**134,048**	**-**	**(134,048)**	**26,938**
	2010	26,938	-	-	-	26,938
D Coulter	**2011**	**238**	-	-	-	**238**
	2010	238	-	-	-	238
S Merlicek	**2011**	**-**	**-**	**-**	**-**	**-**
	2010	-	-	-	-	-
R Mota	**2011**	**19,794**	**-**	**14,657**	**2,325**	**36,776**
	2010	9,944	-	9,850	-	19,794
G Riordan	**2011**	**-**	**53,619**	**-**	**(53,619)**	**-**
	2010	-	-	-	-	-

(1) The equity holdings for the above individuals is inclusive of both direct and indirect shareholdings. Refer to the Remuneration Report for further information regarding individuals shareholdings.

iv. Other transactions with key management personnel of the Group

There were no other transactions with key management personnel of the Group during the 2011 and 2010 financial years.

(b) Transactions with other related parties

Other related parties of the Group include associates listed in Note 16 and directors of any subsidiaries and associates not included as KMP of the Group.

	Consolidated 2011 $	Consolidated 2010 $
Receipt of service charge revenue from associates	2,302,000	2,277,000
Receipt of interest revenue from:		
Directors and executives of subsidiaries	151,995	60,835
Other related parties	379,377	414,217
	531,372	475,052
Payment of management fees to associates	13,922,647	12,163,353

34 Related party transactions (continued)

(c) Loans to directors of subsidiaries and associates	Consolidated 2011 $	Consolidated 2010 $
The aggregate value of loans to Directors of Group subsidiaries as at balance date amounted to:		
Directors of controlled and associated entities from the Group (i)	7,681,452	7,422,702
Interest revenue of the Group on loans to :		
Directors of controlled and associated entities from the Group	406,052	385,092
Interest repaid on loans from the Group during the year:		
Directors of controlled and associated entities from the Group	440,952	359,516
Interest receivable balance on loans to Directors from the Group as at balance date:		
Directors of controlled entities as at balance date	108,450	143,968

(i) The Director of an associate entity who received the loans referred to above was Mr J Murray. The amounts were advanced by Perennial Investment Partners Ltd for the specific purpose of assisting him to acquire an equity interest in another related party, Perennial Value Management Ltd. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender. Secured interest bearing loans totalling $4,246,831 were made on commercial terms and conditions and unsecured loans to the value of $790,180 (2010: $790,180) are interest free.

The loans referred to above relate to amounts advanced to the Directors of controlled entities, Mr A Patterson, Mr A Mulcahy, Mr L Mickelburough and Mr R Macdougall. The amounts were advanced by Perennial Investment Partners Ltd to Directors for the specific purpose of assisting them to acquire an equity interest in subsidiaries of IOOF or in the case of Mr A Patterson another related party, Perennial Value Management Ltd. The secured interest bearing loans totalling $1,718,790 were made on commercial terms and conditions and unsecured loans to the value of $925,650 (2010: $925,650) are interest free.

(d) Loans to executives of the Group	Consolidated 2011 $	Consolidated 2010 $
The aggregate value of loans to Executives of the Group made by the Group as at balance date amounted to (i)	2,445,171	1,987,228
Interest revenue of the Group on loans to executives	125,320	89,960
Loans made to executives of the Group during the year by the Group	787,193	117,000
Interest repaid during the year	121,217	68,085
Interest written off during the year	-	-
Interest receivable balance as at balance date	45,898	41,795
Loans repaid during the year	329,250	9,921

(i) The Executives referred to above were Mr P Durham, Mr S Bruce, Mr G Oshry, Mr D Cottier, Mr N Sladen, Mr A Sutherland and Mr B James. The amounts were advanced by Perennial Investment Partners Ltd for the specific purpose of assisting them to acquire an equity interest in subsidiaries of the Company or in the case of Mr P Durham, Mr S Bruce, D Cottier and Mr G Oshry another related party, Perennial Value Management Ltd. Unsecured interest bearing loans totalling $803,893 and secured interest bearing loans totalling $1,524,278 were made on commercial terms and conditions with the exception of loans advanced to Mr P Durham and Mr S Bruce for the amounts of $331,536 and $239,351 respectively that are interest free loans.

(e) Ultimate parent entity

IOOF Holdings Ltd is the ultimate parent entity in the Group.

35 Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Not later than one year	9,820	11,633	-	-
Later than one year, not later than five years	35,417	36,847	-	-
Later than five years	12,042	9,290	-	-
	57,279	57,770	-	-

The Group leases a number of offices premises under non-cancellable operating leases expiring between one month to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also lease various office equipment under non-cancellable operating leases expiring between 1 month to 3 years. The term of some of these lease provided the Group with the option to purchase this equipment at the conclusion of these lease agreements.

36 Capital commitments

On 27 June 2011, the Company announced that the Company and Deakin Financial Group (DKN) had entered into an agreement under which the Company, through a wholly owned subsidiary, proposes to acquire DKN via a scheme or arrangement. The arrangement to acquire 100% of shares not already owned by the Group for $0.80 cash is subject to shareholder approval and as a result, no amounts have been recognised in the profit or loss or financial position of the Group at balance date. If accepted, the total consideration payable to shareholders is estimated at $94 million.

The Group has not entered into any non-cancellable capital expenditure commitments not already recognised or provided for.

37 Contingencies

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contingent liabilities				
Rental bond guarantees	4,596	4,744	-	-
ASX settlement bond guarantee	500	500	-	-
ASIC bond guarantees	60	100	-	-
	5,156	5,344	-	-

Other contingent liabilities

Estate and trustee operations

Australian Executor Trustees Ltd, a subsidiary of IOOF Holdings Ltd, is currently defending claims brought against it in its capacity as trustee of estates and superannuation funds. In aggregate these total approximately $2,507,000. Professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, the Group would be potentially liable for less than $488,000 of these claims.

Financial advice division

Bridges Financial Services Pty Ltd, a subsidiary of IOOF Holdings Ltd, is currently defending complaints made against the company in its capacity as Australian Financial Services Licensee. In aggregate these total approximately $696,000. Professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, the Group would be potentially liable for less than $401,000 of these claims.

Wealth Managers Pty Ltd, a subsidiary of IOOF Holdings Ltd, is currently defending complaints made against the company in its capacity as Australian Financial Services Licensee. In aggregate these total approximately $4,496,000. Professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, the Group would be potentially liable for less than $100,000 of these claims.

Consultum Financial Advisers Pty Ltd, a subsidiary of IOOF Holdings Ltd, is currently defending complaints made against the company in its capacity as Australian Financial Services Licensee. In aggregate these total approximately $2,467,000. Professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, the Group would be potentially liable for less than $295,000 of these claims.

Buyer of last resort facility

Bridges Financial Services Pty Ltd

Bridges Financial Services Pty Ltd (Bridges), a subsidiary of IOOF Holdings Ltd, has a contractual agreement with its planners to provide a put option "Buyer of Last Resort Facility" should a planner wish to sell their business and on the satisfaction of certain specific requirements.

The terms and conditions provide that where the specific requirements have been met, the purchase price payable for the business is a market price mutually agreed with Bridges. Where agreement with Bridges is not reached, the market price is to be determined by an independent price expert.

As at 30 June 2011, Bridges had received one request from a planner which satisfied requirements to exercise its obligation. Bridges is now seeking valuation from an independent price expert. The resale value of such a business purchased may differ from the cost to Bridges.

Consultum Financial Advisers Pty Ltd

Consultum Financial Advisers Pty Ltd, a subsidiary of IOOF Holdings Ltd, and IOOF Holdings Ltd independently have contractual agreements with its planners to provide a put option "Buyer of Last Resort Facility" should a planner wish to sell their business and on the satisfaction of certain specific requirements.

The terms and conditions provide that where the specific requirements have been met, a predetermined purchase price will be payable for the business as agreed by all parties over a predetermined period. Where certain terms and conditions have not been met, the predetermined purchase price will be discounted accordingly. As at 30 June 2011, Consultum Financial Advisers Pty Ltd has not received any requests from planners that satisfy the specific requirements to exercise its obligation.

Other

Other contingent liabilities exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company and its controlled entities has been made in respect of the identified claims, on a claim by claim basis, and specific provision has been made where appropriate. The Group does not consider that the outcome of any current proceedings, either individually or in aggregate, is likely to materially affect its operations or financial position.

38 Reconciliation of cash flows from operating activities

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(a) Cash and cash equivalents				
Bank balances	152,999	132,780	45,959	617

(b) Reconciliation of cash flows from operating activities

	Consolidated		Parent	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit for the period	100,779	80,785	131,328	66,747
Net profit contribution of insurance business	11	(171)	-	-
Net depreciation/impairment on property and equipment	3,733	4,940	-	-
Net amortisation of intangible assets	17,980	17,905	-	-
(Profit)/loss on disposal of assets	(492)	(1,217)	-	(1,001)
Bad and doubtful debts	-	74	-	-
Interest received and receivable	(8,836)	(5,671)	(2,502)	(1,937)
Dividends received and receivable	(1,960)	(1,772)	(129,911)	(64,218)
Dividends received from associates	9,378	6,353	-	-
Share of profits of associates accounted for using the equity method	(9,201)	(7,588)	-	-
Share-based payments expense	3,232	2,027	-	-
Income tax benefit on disposal of treasury shares recognised directly in equity	-	(1,061)	-	-
Changes in net operating assets and liabilities:				
(Increase)/decrease in receivables	(5,175)	37,861	-	152
(Increase)/decrease in other assets	(1,927)	2,515	-	11
(Increase)/decrease in current tax assets	-	-	-	1,273
(Increase)/decrease in other financial assets	44	810	-	-
(Increase)/decrease in deferred acquisition costs	4,775	-	-	-
Increase/(decrease) in payables	2,265	(64,133)	68	(683)
Increase/(decrease) in deferred revenue liabilities	(4,084)	-	-	-
Increase/(decrease) in provisions	(5,131)	(4,315)	175	(1,542)
Increase/(decrease) in income tax payable	9,015	25,054	(26,790)	(12,005)
Increase/(decrease) in other financial liabilities	(5,474)	(2,326)	-	-
Increase/(decrease) in other liabilities	403	(1,843)	-	-
Increase/(decrease) in deferred taxes	12,862	4,454	13,890	8,320
Net cash provided by operating activities	122,197	92,681	(13,742)	(4,883)

39 Group entities

	Note	Country of incorporation	Ownership interest 2011	2010
Parent entity				
IOOF Holdings Ltd		Australia		
Subsidiaries				
Accountplan Pty Ltd		Australia	100.0	100.0
Accountplan Taxation Services Pty Ltd		Australia	49.0	49.0
ACN 073 215 684 Pty Ltd (formerly SMF Pty Ltd)	*(b)*	Australia	100.0	100.0
AET SPV Management Pty Ltd		Australia	100.0	100.0
AET Structured Finance Services Pty Ltd		Australia	100.0	100.0
AET Super Solutions Pty Ltd		Australia	100.0	100.0
Australian Executor Trustees (NSW) Ltd		Australia	100.0	100.0
Australian Executor Trustees (Canberra) Ltd		Australia	100.0	100.0
Australian Executor Trustees (SA) Ltd		Australia	100.0	100.0
Australian Executor Trustees Ltd		Australia	100.0	100.0
Australian Wealth Management Ltd		Australia	100.0	100.0
Australian Wealth Management Service Co. Pty Ltd		Australia	100.0	100.0
Austselect Pty Ltd		Australia	100.0	100.0
B D Shepparton Pty Ltd		Australia	75.0	75.0
Bagot's Executor & Trustee Company Ltd		Australia	100.0	100.0
Bagot's Nominees Pty Ltd	*(b)*	Australia	100.0	100.0
Bridges Financial Services Group Pty Ltd		Australia	100.0	100.0
Bridges Financial Services Pty Ltd		Australia	100.0	100.0
Bridges Nominee Pty Ltd		Australia	100.0	100.0
Cigar Nominee Pty Ltd		Australia	100.0	100.0
CK Brisbane Pty Ltd		Australia	100.0	100.0
Consultum Financial Advisers Pty Ltd		Australia	100.0	100.0
CU Financial Advisory Services Pty Ltd	*(b)*	Australia	100.0	100.0
DD Charlestown Pty Ltd		Australia	100.0	100.0
Executive Wealth Management Financial Services Pty Ltd		Australia	100.0	100.0
Executive Wealth Management Pty Ltd		Australia	100.0	100.0
Executor Trustee Australia Ltd		Australia	100.0	100.0
Financial Lifestyle Partners (Doncaster) Pty Ltd		Australia	65.0	65.0
Financial Partnership Pty Ltd		Australia	100.0	100.0
Finium Trustees Pty Ltd	*(b)*	Australia	100.0	100.0
Group Investments Nominee Pty Ltd		Australia	100.0	100.0
Holiday Coast Wealth Management Pty Ltd		Australia	100.0	100.0
IOOF Global One Ltd		Australia	100.0	100.0
IOOF Investment Holdings Pty Ltd		Australia	100.0	100.0
IOOF Investment Management Ltd		Australia	100.0	100.0
IOOF Life Pty Ltd		Australia	100.0	100.0
IOOF Ltd		Australia	100.0	100.0
IOOF Services Pty Ltd		Australia	100.0	100.0
IOOF Transition 2 Pty Ltd		Australia	100.0	100.0
IOOF Transition 3 Pty Ltd		Australia	100.0	100.0
JK Rye Pty Ltd		Australia	100.0	100.0
KE Sunshine Coast Pty Ltd		Australia	100.0	100.0
NS Singleton Pty Ltd		Australia	100.0	100.0
NT Homebush Pty Ltd		Australia	70.0	70.0
Perennial Investment Partners (U.S.) Inc		USA	100.0	100.0
Perennial Fixed Interest Partners Pty Ltd	*(a)*	Australia	74.7	74.7
Perennial Growth Management Pty Ltd		Australia	60.0	60.0
Perennial International Equities Management Pty Ltd		Australia	100.0	100.0
Perennial Investment Partners Asia Ltd		Australia	94.9	94.9

39 Group entities (continued)

	Note	Country of incorporation	Ownership interest	
			2011	2010
Perennial Investment Partners Ltd		Australia	100.0	100.0
Perennial Real Estate Investments Pty Ltd		Australia	50.0	50.0
Questor Financial Services Ltd		Australia	100.0	100.0
Security Management Services Pty Ltd		Australia	100.0	100.0
Select Managed Funds Ltd		Australia	100.0	100.0
SEM Group Administration Pty Ltd	*(b)*	Australia	100.0	100.0
Sentinel Adviser Services Pty Ltd		Australia	100.0	100.0
SMF Pty Ltd		Australia	100.0	100.0
SMF Funds Management Ltd		Australia	100.0	100.0
SMF Investment Managers (Super & Pension Fund) Pty Ltd	*(b)*	Australia	100.0	100.0
SMF SuperOptions Pty Ltd	*(b)*	Australia	100.0	100.0
SMF Wealth Management Pty Ltd		Australia	100.0	100.0
Spectrum Managed Funds Pty Ltd	*(b)*	Australia	100.0	100.0
Strategy Plus Financial Planning Pty Ltd		Australia	100.0	100.0
Super Choice Pty Ltd	*(b)*	Australia	100.0	100.0
Tower Austrust Building Pty Ltd		Australia	100.0	100.0
United Funds Management Ltd		Australia	100.0	100.0
Wealth Managers Pty Ltd		Australia	100.0	100.0
Ord Minnett Holdings Pty Ltd		Australia	70.0	70.0
Ord Minnett Ltd		Australia	70.0	70.0
Ord Minnett Financial Planning Pty Ltd		Australia	70.0	70.0
Ord Minnett Management Ltd		Australia	70.0	70.0
A.C.N. 003 331 726 Pty Ltd (formerly Dicksons Ltd)		Australia	70.0	70.0
Contango Nominees Pty Ltd		Australia	70.0	70.0
Beaglemoat Nominees Pty Ltd		Australia	70.0	70.0
Minnett Nominees Pty Ltd		Australia	70.0	70.0
Caltowie Investments Pty Ltd		Australia	70.0	70.0
Ord Minnett Prime Nominees Pty Ltd		Australia	70.0	70.0
AETOML Nominees Pty Ltd		Australia	70.0	70.0
OMPL Pty Ltd		Australia	70.0	70.0
OMPYF Nominees Pty Ltd		Australia	70.0	70.0
IOOF Executive Performance Share Plan Trust		Australia	100.0	100.0

(a) The investment in Perennial Fixed Interest Partners Pty Ltd is through Perennial Investment Partners Ltd which directly holds a 70.2% (2010: 70.2%) shareholding in this entity and through IOOF Holdings Ltd which directly holds a 4.5% (2010: 4.5%) shareholding in this entity.

(b) The Group is currently in the process of deregistration of this dormant subsidiary in accordance with a corporate simplification project.

40 Life Insurance Business

A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995.

(a) Assets relating to Insurance Business

	Statutory 2011 $'000	Statutory 2010 $'000
Cash at bank	6,269	12,902
Receivables	13,836	19,633
Certificates of deposit and bank bills	46,672	173,196
Debt securities	180,084	171,148
Shares in listed companies	18,815	3,246
Unlisted unit trusts	680,841	615,888
Derivatives	35	1,278
Loans to policyholders	9,530	9,994
Mortgages	117	268
Margin accounts	1,771	1,287
Deferred tax assets	10,047	14,636
Investments backing policyholder liabilities designated at fair value through profit or loss	968,017	1,023,476

Investments held in the life insurance Statutory Funds (including the Benefit Funds) are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995. Monies held in the benefit funds and controlled trusts are held for the benefit of the members of those funds, and are subject to the constitution and rules of those funds.

Accordingly, with the exception of permitted profit distributions, the investments held in the statutory funds are not available for use by other parties of the Group.

(b) Policy liabilities

Policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for life insurance contracts are valued in accordance with AASB 1038, whereas life investment contracts are valued in accordance with AASB 139 and AASB 118. There are differences between the valuation requirements of the accounting standards and those of the Life Insurance Act 1995.

	Statutory 2011 $'000	Statutory 2010 $'000
Payables	19,476	15,963
Contract policy liabilities - investment contracts with DPF	427,323	447,048
Policy liabilities ceded under reinsurance	-	322
Investment contract liabilities	411,737	403,100
Non-controlling interests in controlled trusts	109,481	156,297
	968,017	1,022,730

(c) Reconciliation of movements in Policy liabilities

	Statutory 2011 $'000	Statutory 2010 $'000
Contract policy liabilities		
Insurance contract liabilities at beginning of the year	447,048	466,199
Net increase in life insurance contract policy liabilities	15,974	19,475
Life insurance contract contributions	13,563	13,577
Life insurance contract withdrawals	(49,262)	(52,203)
Insurance contract liabilities at end of the year	427,323	447,048

40 Life Insurance Business (continued)

	Statutory 2011 $'000	Statutory 2010 $'000
(d) Contribution to profit or loss of life insurance business		
Revenue		
Interest income	1,009	818
Dividends and distributions received	34,396	22,286
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	24,342	64,451
Contributions received - investment contracts with DPF	13,563	13,577
DPF policy holder liability increase	19,725	19,151
Non - DPF policyholder liability decrease	(13,021)	(54,855)
Other fee revenue	5,246	5,254
	85,260	**70,682**
(e) Expenses		
Service and marketing fees expense	14,751	14,377
Life insurance operating expenses	127	444
Investment contracts with DPF:		
Benefits and withdrawals paid	49,017	51,979
Termination bonuses	245	224
Distribution to policyholders	7,146	6,258
Interest	363	539
	71,649	**73,821**

(f) Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and solvency reserves is 30 June 2011. The actuarial report for IOOF Ltd was prepared by Mr Kent Griffin, FIAA, and was dated 23 August 2011. The actuarial report indicate that Mr Griffin is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Actuarial Methods

Policy liabilities have been calculated in accordance with relevant actuarial guidance issued by the Australian Prudential Regulatory Authority under the Life Insurance Act 1995. Policy liabilities are based on a systematic release of planned margins as services are provided to policyholders and premiums are received.

Processes used to select assumptions

Mortality and Morbidity

All mortality and morbidity risk is fully reinsured and the gross risk to the Group is low. The mortality and morbidity assumptions have been taken to be equal to the reinsurer's mortality and morbidity assumptions.

Other Assumptions

In adopting the accumulation method to assess the policy liabilities, one material assumption is required. It is assumed that the future overall experience as to expense levels, surrender/lapse rates and discount rates will likely remain within a satisfactory range so that the policies produce future profits for the business. In which case, there is no need to set aside provisions, in addition to the accumulation amounts, for future losses (i.e. there is no loss recognition concerns for the business). This assumption has been adopted on the basis that, based on the current actual experience of the business, the policies are producing satisfactory profits for the business and there is no circumstances known that would indicate that the current position (i.e. general experience levels and ongoing profitability) will not continue into the future.

Sensitivity analysis

The policy liabilities are not sensitive to changes in variables within a moderate range. Increases in mortality and morbidity assumptions will result in an increase gross policy liabilities for IOOF Ltd, however as the mortality and morbidity risk is fully reinsured any change in these assumptions would be consistent with the reinsurer's assumptions and the net change in policy liabilities would be nil.

Solvency requirements

Solvency reserves are required to meet the prudential standards determined in accordance with Prudential Standard LPS 2.04 "Solvency Standard" issued by the Australian Prudential Regulatory Authority under Section 65 of the Life Insurance Act 1995. Solvency reserves provide additional protection to policy holders against the impact of fluctuations and unexpected adverse circumstances on the Company.

40 Life Insurance Business (continued)

(g) Disclosures on asset restrictions, managed assets and trustee activities

(i) Restrictions on assets

Investments held in life statutory funds can only be used in accordance with the relevant regulatory restrictions imposed under the Life Act and associated rules and regulations. The main restrictions are that the assets in a life statutory fund can only be used to meet the liabilities and expenses of that life statutory fund, to acquire investments to further the business of the life statutory fund or as distributions when solvency, capital adequacy and other regulatory requirements are met.

(ii) Managed Funds and other fiduciary duties

Entities in the IOOF Holdings Ltd Group, including the IOOF Ltd Benefit Funds, hold controlling investments in managed funds. A subsidiary of the company is the Responsible Entity for these managed funds and has a fiduciary responsibility for managing these trusts. Arrangements are in place to ensure that such activities are managed separately from the other activities of the IOOF Holdings Ltd Group.

(h) Solvency requirements

Solvency reserves are required to meet the prudential standards determined in accordance with Prudential Standard LPS 2.04 "Solvency Standard" issued by the Australian Prudential Regulatory Authority under Section 65 of the Life Insurance Act 1995. Solvency reserves provide additional protection to policy holders against the impact of fluctuations and unexpected adverse circumstances on the Company.

The figures in the table below represent the number of times coverage of the aggregate of all benefit funds and statutory funds in the Life Group over the solvency reserve.

		2011 $'000	2010 $'000
Solvency requirement	**A**	851,622	857,861
Represented by:			
Minimum Termination Value [1]		837,194	848,130
Other Liabilities		12,338	7,692
Solvency Reserve	**B**	2,090	2,039
		851,622	857,861
Assets Available for Solvency	**C**	**9,023**	**10,237**
Comprised of:			
Excess of Net Policy Liability over Minimum Termination Value		1,870	2,333
Net Assets		7,153	7,904
		9,023	**10,237**
Solvency Reserve % (B / (A - B)) x 100		0.25%	0.24%
Coverage of Solvency Reserve C/ B		4.32	5.02

For detailed solvency information on a statutory fund basis, users of this annual report should refer to the financial statements prepared by the life insurer.

[1] The Minimum Termination Value is determined in accordance with the Solvency Standard and is the base figure upon which reserves against liability and asset risks are layered in determining the Solvency Requirement. The Minimum Termination Value represents the minimum obligation of the company to policy owners at the reporting date.

41 Subsequent events

On 27 June 2011, the Company announced that the Company and Deakin Financial Group (DKN) had entered into an agreement under which the Company, through a wholly owned subsidiary, proposes to acquire DKN via a scheme or arrangement. The arrangement to acquire 100% of shares not already owned by the Group for $0.80 cash is subject to DKN shareholder approval and as a result, no amounts have been recognised in the profit or loss or financial position of the Group at balance date. If accepted, the total consideration payable to shareholders is estimated at $94 million.

The funds to be provided by the Company will be sourced from existing cash reserves and an undrawn facility arrangement with the Commonwealth Bank of Australia (CBA) (Loan Facility). The Company and the CBA have entered into a loan commitment letter and term sheet in relation to the Loan Facility. Under the Loan Facility, CBA has agreed to provide funding up to $75 million for the purpose of the Company satisfying the Group's obligations under the Scheme (including the payment of the aggregate scheme consideration).

The right of the Company to access funds under the Loan Facility is subject to certain conditions which will need to be satisfied or waived by CBA. The interest and establishment costs associated with the Loan Facility are on commercial terms.

On 25 August 2011, the Directors declared a final dividend of 22 cents (2010: 18.0 cents) per ordinary share fully franked at 30% tax rate in relation to the financial year ended 30 June 2011. The dividend will be paid on 20 October 2011. The total final dividend payment is estimated at $51,019,000.

On 11 August 2011, Perennial Investment Partners Ltd (a subsidiary of IOOF Holdings Ltd) received one notice from a non-controlling shareholder to exercise a buy-back of shares in Perennial Real Estate Investments Pty Ltd (PREI). The consideration for the share buy-back is not expected to exceed $3 million subject to an independent valuation of PREI.

The Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report or the consolidated financial report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.