Appendix 4D
Interim Financial Report
IOOF HOLDINGS LTD

ABN 49 100 103 722

1. Reporting Period	**31 December 2012**
Previous reporting period	31 December 2011

2. Results for announcement to market

	$'000	**% change from previous corresponding period**
Revenue from Shareholder activities [1]	332,776	up 5%
Life statutory revenue	46,170	up 97%
Profit from ordinary activities after tax attributable to members	33,221	down 28%
Net profit for the period attributable to members	33,221	down 28%
Underlying Net Profit After Tax (pre-amortisation) [2]	50,919	up 5%

		Amount per share (cents)	**Franked amount per share**
Final dividend for the year ended 30 June 2012			
Paid:	17 October 2012	18.0	18.0
Interim dividend for the year ended 30 June 2013			
Record date:	14 March 2013		
To be paid:	10 April 2013	19.5	19.5

[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, impairment of goodwill, income tax benefit and provisions raised from acquisition accounting, deferred tax recognition and unwind on intangible assets, fair value gains from acquisition accounting (prior period) and restructuring costs.

IOOF Holdings Ltd - Appendix 4D for the six months ended 31 December 2012

The net profit attributable to members of the Company for the six months ended 31 December 2012 was $33.2 million (31 December 2011: $46.1 million). Underlying net profit after tax ("UNPAT") pre-amortisation was $50.9 million (31 December 2011: $48.7 million).

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. The reversed items of revenue or expense have at least one of the following characteristics i) not reflective of operations; ii) non recurring; or iii) represent revaluations unlikely to be realised. The acquisition of Plan B Group Holdings Group Limited ("Plan B") on 27 September 2012 has resulted in a number of these items and a detailed explanation for all such items is provided in the directors report accompanying the financial statements and in the detailed results presentation available at www.ioof.com.au

The Group's Funds Under Management, Administration and Supervision (FUMAS) were $116.4 billion as at 31 December 2012, an increase of $9.1 billion from 30 June 2012. The acquisitions of Plan B and Avenue resulted in an increase to Group FUMAS of $3.7 billion.

The acquisitions of DKN and Plan B have added to revenue. Acquisitions notwithstanding, the reporting period has seen positive movements in equity markets with a resultant positive impact on FUMAS and positive net flow to flagship platform products in line with increasing market share. These positives to revenue have been offset by funds management mandate outflows in Perennial and continuing, albeit slower, run off in transition platforms. Other revenue has benefited from improved equity markets, most notably stockbroking.
The operating expenditure of the Group's most recently acquired entities has benefited from staff reductions, utilisation of existing shared service functions and lower aggregate supplier costs. This has been partly offset by non-recurring expenditure to corporate advisory firms to ensure the success of such acquisitions and the redundancy and termination costs incurred to reduce staff numbers and lower the ongoing cost base of these entities.
Financing costs have increased as the Group's acquisitions have been funded via borrowings.

The Group borrowed $50m to acquire Plan B Holdings Ltd and its controlled entities. The amount borrowed was applied to the purchase price of $46.6m and significant staff termination, deal advisory and other acquisition and restructuring costs.

3. Earnings per share

	31 December 2012 (cents)	31 December 2011 (cents)
Basic earnings per share	14.3	19.9
UNPAT pre-amortisation earnings per share	22.0	21.0

4. Net tangible assets

	31 December 2012 (cents)	31 December 2011 (cents)
Net tangible assets* per share	3.8	16.2

* Net tangible assets equate to net assets excluding goodwill, intangible assets and deferred tax liabilities arising from acquisition*s.*

IOOF Holdings Ltd - Appendix 4D for the six months ended 31 December 2012

5. Entities over which control has been gained or lost

On 27 September 2012, the Group gained control of Plan B by acquiring 100% of shares via a Bid Implementation Deed. The acquisition price was $0.57 per share and resulted in a total consideration payable to shareholders of $46.6 million.

6. Dividends

	Amount $'000	Cents per share	% Franked
Final dividend for the year ended 30 June 2012	41,767	18.0	100%
Interim dividend for the year ended 30 June 2013	45,258	19.5	100%
Record date for determining entitlements to dividends	14 March 2013		
Date for payment of final dividend	10 April 2013		

7. Dividend reinvestment plans

The Company does not operate a dividend reinvestment plan.

8. Details of associates and joint venture entities

	Ownership interest held at the end of period		Contribution to net profit	
	Current period	Previous corresponding	Current period	Previous corresponding
Equity accounted associates				
Perennial Value Management Ltd *	52.4	52.4	3,463	3,923
Other associates			604	309
			4,067	4,232

* 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.*

9. Other

The information contained in this Appendix 4D is based on the 31 December 2012 condensed consolidated interim financial statements 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

Condensed consolidated interim financial report

31 December 2012

Note	**Contents**	**Page Number**
	Condensed consolidated interim financial report	
	Directors' Report	1
	Directors' Declaration	5
	Lead Auditor's Independence Declaration	6
	Independent Auditor's Review Report to the Members	7
	Condensed Consolidated Statement of Comprehensive Income	9
	Condensed Consolidated Statement of Financial Position	10
	Condensed Consolidated Statement of Changes in Equity	11
	Condensed Consolidated Statement of Cash Flows	13
	Notes to the condensed consolidated interim financial statements	
1	Reporting entity	14
2	Basis of preparation	14
3	Significant accounting policies	14
4	Risk management	15
5	Operating segments	15
6	Revenue	17
7	Expenses	17
8	Finance costs	18
9	Cash and cash equivalents	18
10	Receivables	18
11	Other financial assets	18
12	Other assets	18
13	Investments in equity-accounted investees	19
14	Other intangible assets	19
15	Goodwill	19
16	Tax assets and liabilities	19
17	Payables	20
18	Borrowings	20
19	Other financial liabilities	20
20	Provisions	21
21	Other liabilities	21
22	Share capital	21
23	Reserves	22
24	Accumulated losses	22
25	Dividends	22
26	Acquisition of subsidiary	23
27	Statutory funds	24
28	Contingencies and commitments	25
29	Subsequent events	25

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Directors of IOOF Holdings Ltd ("the Company") present their report together with the financial report of the Company and its subsidiaries ("IOOF" or "Group") and the Group's interests in associates for the six months ended 31 December 2012 and the review report thereon.

Directors

The Directors of the Company during or since the end of the six months are:

Name

Dr Roger Sexton AM (Chairman)
Mr Christopher Kelaher (Managing Director)
Mr Ian Griffiths
Ms Jane Harvey
Mr George Venardos
Mr Kevin White

All Directors held office during and since the end of the six months.

Review of operations

In accordance with current Australian accounting standards, the reviewed 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 no impact on the profit after tax for the six months (2011: $nil), but results in offsetting pre-tax profit and income tax amounts not available to shareholders.
The following table, which has not been subject to auditor review, 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 review the more detailed half year results presentation by visiting the Company website at www.ioof.com.au

	Note	Six months ended 31 Dec 12 $'000	Six months ended 31 Dec 11 $'000
Profit attributable to Owners of the Company		**33,221**	**46,089**
Underlying net profit after tax (UNPAT) pre-amortisation adjustments:			
Reverse the impact of:			
Amortisation of intangible assets	7	11,075	9,539
Impairment of goodwill	7	4,578	-
Acquisition transaction costs	7	723	2,669
Termination and retention incentive payments	7	3,931	2,238
Recognition of Plan B onerous lease contracts	7	2,962	-
Amortisation of deferred tax liability recorded on intangible assets		(2,600)	(298)
Reinstatement of Perennial non-controlling interests		(738)	(1,492)
Income tax attributable		(2,233)	(772)
Fair value gain on investment in DKN	6	-	(9,587)
Write-down of DKN leasehold improvements	7	-	336
UNPAT pre-amortisation		**50,919**	**48,722**

A full explanation of each of these reconciling items is set out on pages 2 and 3.

Review of operations (continued)

The Group's Funds Under Management, Administration and Supervision (FUMAS) were $116.4 billion as at 31 December 2012, an increase of $9.1 billion from 30 June 2012. The acquisitions of Plan B and Avenue resulted in an increase to Group FUMAS of $3.7 billion.

The acquisitions of DKN and Plan B have added to revenue. Acquisitions notwithstanding, the reporting period has seen positive movements in equity markets with a resultant positive impact on FUMAS and positive net flow to flagship platform products in line with increasing market share. These positives to revenue have been offset by funds management mandate outflows in Perennial and continuing, albeit slower, run off in transition platforms. Other revenue has benefited from improved equity markets, most notably stockbroking.
The operating expenditure of the Group's most recently acquired entities has benefited from staff reductions, utilisation of existing shared service functions and lower aggregate supplier costs. This has been partly offset by non-recurring expenditure to corporate advisory firms to ensure the success of such acquisitions and the redundancy and termination costs incurred to reduce staff numbers and lower the ongoing cost base of these entities.
Financing costs have increased as the Group's acquisitions have been funded via borrowings.

The Group borrowed $50m to acquire Plan B Holdings Ltd and its controlled entities. The amount borrowed was applied to the purchase price of $46.6m and significant staff termination, deal advisory and other acquisition and restructuring costs.

Basic earnings per share decreased from 19.9 cents per share in the six months to 31 December 2011 to 14.3 cents per share for the six months to 31 December 2012.

UNPAT pre-amortisation basic earnings per share increased from 21.0 cents per share in the six months to 31 December 2011 to 22.0 cents per share for the six months to 31 December 2012.

An explanation of each individual adjustment to profit attributable to owners of the Company in arriving at UNPAT pre-amortisation is set out below.

Amortisation of intangible assets: Non-cash entry reflective of declining intangible asset values over their useful lives. Intangible assets are continuously generated within the Group, but are only able to be recognised when acquired. The absence of a corresponding entry for intangible asset creation results in a conservative one sided decrement to profit only. It is reversed to ensure the operational result is not impacted. The reversal of amortisation of intangibles is routinely employed when performing company valuations.

Impairment of goodwill: Non-cash entry which reflects a point in time valuation of assets which is unable to be reversed to profit in future periods should a higher value be ascribed in future periods. The entry is not related to the conventional recurring operations of the Group.

Acquisition transaction costs: One off payments to external advisers by both Plan B Group Holdings Limited (Plan B) and IOOF in pursuit of a successful acquisition which are not reflective of conventional recurring operations. These costs relate to the acquisition of DKN Financial Group Ltd ("DKN") in the prior comparative period.

Termination and retention incentive payments: Facilitation of restructuring to ensure long term efficiency gains, predominantly Plan B related in the current period and DKN related in the prior comparative period, which are not reflective of conventional recurring operations.

Review of operations (continued)

Recognition of Plan B onerous lease contracts: Non-cash entry to record the expected costs of meeting the obligations under a Plan B lease contract where the costs exceed the economic benefits expected to be received under it.

Amortisation of deferred tax liability recorded on intangible assets: Acquired intangible asset valuations for AASB 3 Business Combinations accounting are higher than the required cost base as set under tax consolidation rules legislated on 29 June 2012. A deferred tax liability ("DTL") is required to be recognised as there is an embedded capital gain should the assets be disposed of at their accounting values. This DTL reduces in future periods at 30% of the amortisation applicable to those assets which have different accounting values and tax cost bases. The recognition of DTL and subsequent period reductions are not reflective of conventional recurring operations and are regarded as highly unlikely to be realised due to the Group's intention to hold these assets long term.

Reinstatement of Perennial non-controlling interests: Embedded derivatives exist given the Group’s obligation to buy-back shareholdings in certain Perennial subsidiaries if put under the terms of their shareholders’ agreements. IFRS deems the interests of these non-controlling holders to have been acquired. Those interests must therefore be held on balance sheet as a liability to be revalued to a reserve each reporting period. In calculating UNPAT, the non-controlling interest holders share of the profit of these subsidiaries is subtracted from the Group result as though there were no embedded derivatives to better reflect the current economic interests of Company shareholders in the activities of these subsidiaries.

Income tax attributable: This represents the income tax applicable to certain of the adjustment items outlined above.

Fair value gain on investment in DKN (prior comparative period only): An initial 18.5% holding in DKN prior to its acquisition means this is a business combination achieved in stages under AASB 3. The Group is therefore required to measure this previously held equity interest in DKN at acquisition-date fair value and recognise the resulting gain in profit or loss. The initial entry ensures the assets acquired are held on balance sheet at fair value, however the impact on profit is reversed as it is regarded as highly unlikely to be realised due to the Group's intention to hold its investment in DKN long term.

Likely future developments

The Group's future growth will be underpinned by organic and acquisition initiatives. The Group's objective is to advance organic growth through:

- increasing brand and product awareness among financial advisers;
- enhancing the adviser and client experience through continued technology development and knowledgeable support staff;
- above benchmark performance in investment management; and
- continuous improvement in process efficiency to ensure operating costs are minimised.

The Group has completed several acquisitions in previous years. This experience will be utilised to continue to pursue acquisitions within the Wealth Management sector on an opportunistic basis. Acquisitions will only be considered where they present a sound strategic fit with existing operations and are priced reasonably for the expected value accretion to shareholders. The funding of acquisitions will be considered on a case by case basis taking into account the relative cost of available funding sources and the impact on balance sheet structure overall.

Dividends

In respect of the six months ended 31 December 2012, on 25 February 2013 the Directors declared the payment of an interim dividend of 19.5 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 10 April 2013. This dividend will be paid to all shareholders recorded on the Register of Members on 14 March 2013.

In respect of the financial year ended 30 June 2012, 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 17 October 2012.

Uncertain tax position

On the 27 June 2012, Tax Laws Amendment (2012 Measures No. 2) Act 2012 (“The 2012 Act”) was substantially enacted. It sought to limit the availability of deductions previously made available by the passing of Tax Laws Amendment (2010 Measures No. 1) Act 2010 (“The 2010 Act”). Both Acts contain a number of amendments to the tax consolidation regime that deal with rights to future income assets acquired upon an entity joining a tax consolidated group. The 2012 Act limits deductions that were available under the 2010 Act in relation to the tax cost setting amount of those assets, and under the business related expenditure provisions.

As such, IOOF has reclassified some tax positions relating to deductions made by IOOF and its subsidiaries. The 2012 Act expressly protects certain deductions claimed under the 2010 Act where an assessment notice was received prior to 30 March 2011.

The Company is appealing to the Administrative Appeals Tribunal given the actions of the Australian Taxation Office (ATO) when requested to provide a Private Binding Ruling to confirm its entitlement to deductions under the 2010 Act. The potential tax benefit from the 2012 Act amendments is dependent on the outcome of this appeal hence the Company’s tax position in relation to these deductions is uncertain. The company has not recognised the potential tax benefit as an increase to profit given this uncertainty.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Lead auditor’s independence declaration

The lead auditor’s independence declaration is included on page 6 of the interim financial report and forms part of the Directors' Report for the six months ended 31 December 2012.

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 financial report are rounded off to the nearest thousand dollars, narrative disclosures are expressed in whole dollars or as otherwise indicated.

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

Dr Roger Sexton AM
Chairman
25 February 2013

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 9 to 25, are in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the six month period ended on that date; and

(ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(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.

Signed in accordance with a resolution of the Directors:

Dr Roger Sexton AM
Chairman
Melbourne
25 February 2013

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 review for the half-year ended 31 December 2012 there have been:

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

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

KPMG

KPMG

MV Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

25 February 2013

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

Report on the financial report

We have reviewed the accompanying half-year financial report of IOOF Holdings Ltd (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2012, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of IOOF Holdings Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IOOF Holdings Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

M Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

25 February 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER

	Note	2012 $'000	2011 $'000
Revenue	6	332,776	316,409
Expenses	7	(287,805)	(257,199)
Life statutory revenue*	27(c)	46,170	23,464
Life statutory expenses*	27(c)	(31,458)	(32,530)
Share of profits of associates accounted for using the equity method (net of income tax)		4,067	4,232
Finance costs	8	(1,771)	(908)
Profit before income tax expense		61,979	53,468
Income tax (expense)/benefit - shareholder		(13,705)	(16,464)
Income tax (expense)/benefit - statutory benefit funds	27(c)	(14,712)	9,066
Profit for the period		33,562	46,070
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of share buy back liability		8,016	(1,185)
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		785	(8,729)
Exchange differences on translating foreign operations		13	-
Income tax on other comprehensive income		-	3,296
Total items that may be reclassified subsequently to profit or loss		798	(5,433)
Other comprehensive income/(expense) for the period, net of income tax		8,814	(6,618)
Total comprehensive income for the period		42,376	39,452
Profit attributable to:			
Owners of the Company		**33,221**	**46,089**
Non-controlling interests		341	(19)
Profit for the period		33,562	46,070
Total comprehensive income attributable to:			
Owners of the Company		42,035	39,471
Non-controlling interest		341	(19)
Total comprehensive income for the period		42,376	39,452
Earnings per share:			
Basic earnings per share (cents per share)		14.3	19.9
Diluted earnings per share (cents per share)		14.2	19.8

Notes to the condensed consolidated financial statements are included on pages 14 to 25.

*A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. The funds operated by IOOF Ltd, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance with accounting standards and are shown separately from shareholder funds in the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2012 $'000	30 Jun 2012 $'000
Assets			
Cash and cash equivalents	9	96,209	113,344
Receivables	10	74,902	65,505
Other financial assets	11	29,714	30,517
Other assets	12	22,732	21,220
Investments in equity-accounted investees	13	27,379	26,278
Property and equipment		13,850	13,878
Other intangible assets	14	288,744	292,721
Goodwill	15	600,257	564,372
Assets relating to statutory funds	27(a)	795,433	798,758
Total assets		1,949,220	1,926,593
Liabilities			
Payables	17	65,311	61,915
Borrowings	18	106,590	56,791
Current tax liabilities	16	20,457	39,541
Other financial liabilities	19	22,698	29,371
Provisions	20	42,153	40,205
Deferred tax liabilities	16	56,736	58,315
Other liabilities	21	12,992	14,375
Liabilities relating to statutory funds	27(b)	795,433	798,758
Total liabilities		1,122,370	1,099,271
Net assets		826,850	827,322
Equity			
Share capital	22	867,714	869,070
Reserves	23	272	(9,486)
Accumulated losses	24	(55,684)	(47,138)
Total equity attributable to equity holders of the Company		812,302	812,446
Non-controlling interest		14,548	14,876
Total equity		826,850	827,322

Notes to the condensed consolidated financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Note	Share capital $'000	Treasury shares $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	22,23,24	869,070	-	(9,486)	(47,138)	812,446	14,876	**827,322**
Total comprehensive income for the period								
Profit for the period attributable to owners of the Company		-	-	-	33,221	33,221	341	**33,562**
Other comprehensive income for the year, net of income tax		-	-	8,814	-	8,814	-	**8,814**
Total comprehensive income for the period		-	-	8,814	33,221	42,035	341	**42,376**
Transactions with owners, recorded directly in equity								
Contributions by and (distributions to) owners								
Dividends to equity holders		-	-	-	(41,767)	(41,767)	(615)	**(42,382)**
Share-based payment expense		-	-	1,937	-	1,937	-	**1,937**
Adviser performance rights vested during the period		383	-	(383)	-	-	-	**-**
Issue of shares on exercise of options under executive and employee share option plan		160	-	-	-	160	-	**160**
Employee performance rights vested during the period		542	-	(542)	-	-	-	**-**
Transfer from employee equity-settled benefits reserve on exercise of options		68	-	(68)	-	-	-	**-**
Treasury shares transferred to employees during the period		(1,424)	1,424	-	-	-	-	**-**
On-market purchase of treasury shares		-	(2,509)	-	-	(2,509)	-	**(2,509)**
Derecognition of non-controlling interest on disposal of subsidiary		-	-	-	-	-	(40)	**(40)**
Non- controlling interest in subsidiaries acquired		-	-	-	-	-	(14)	**(14)**
Total transactions with owners		(271)	(1,085)	944	(41,767)	(42,179)	(669)	**(42,848)**
Balance at 31 December 2012	22,23,24	868,799	(1,085)	272	(55,684)	812,302	14,548	**826,850**

Notes to the condensed consolidated financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

	Note	Share capital $'000	Treasury shares $'000	Reserves $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2011	22,23,24	868,451	-	(7,756)	25,126	885,821	16,157	**901,978**
Total comprehensive income for the period								
Profit for the period attributable to owners of the Company		-	-	-	46,089	46,089	(19)	**46,070**
Other comprehensive income for the year, net of income tax		-	-	(6,618)	-	(6,618)	-	**(6,618)**
Total other comprehensive income		-	-	(6,618)	-	(6,618)	-	**(6,618)**
Total comprehensive income for the period		-	-	(6,618)	46,089	39,471	(19)	**39,452**
Transactions with owners, recorded directly in equity								
Contributions by and (distributions to) owners								
Dividends to equity holders		-	-	-	(51,018)	(51,018)	(1,312)	**(52,330)**
Share-based payment expense		-	-	1,690	-	1,690	-	**1,690**
Issue of shares on exercise of options under executive and employee share option plan		740	-	-	-	740	-	**740**
Transfer from employee equity-settled benefits reserve on exercise of options		216	-	(216)	-	-	-	**-**
Employee performance rights vested		723	-	(723)	-	-	-	**-**
Adviser performance rights vested and transferred		427	-	(427)	-	-	-	**-**
On-market purchase of treasury shares transferred to employees		-	-	(1,425)	-	(1,425)	-	**(1,425)**
Replacement share-based payment awards on acquisition of subsidiary		-	-	234	-	234	-	**234**
Total transactions with owners		2,106	-	(867)	(51,018)	(49,779)	(1,312)	**(51,091)**
Balance at 31 December 2011	22,23,24	870,557	-	(15,241)	20,197	875,513	14,826	**890,339**

Notes to the condensed consolidated financial statements are included on pages 14 to 25.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		321,944	309,231
Payments to suppliers and employees		(268,263)	(248,821)
Dividends received from associates		3,043	6,896
Net stockbroking purchases		(3,961)	(255)
Termination and retention incentive payments		(3,931)	(2,238)
Income taxes paid		(25,115)	(35,232)
Net cash provided by/(used in) operating activities		23,717	29,581
Cash flows from investing activities			
Dividends and distributions received		240	1,227
Interest received		2,993	4,230
Acquisition of subsidiary, net of cash acquired	26	(39,982)	(86,436)
Acquisition costs of subsidiary		(723)	(2,669)
Interest and other costs of finance paid		(1,695)	(790)
Additional interest acquired in associates		-	(647)
Net proceeds/(payments) from sales or purchases of financial assets		2,146	2,613
Payments for property and equipment		(862)	(1,354)
Amounts (advanced to)/borrowed from other entities		1,251	(883)
Payments for intangible assets		(5,254)	(2,466)
Acquisition of shares subject to contractual share buy-back		-	(6,740)
Net cash provided by/(used in) investing activities		(41,886)	(93,915)
Cash flows from financing activities			
Net borrowings drawn		49,011	54,680
On-market purchase of treasury shares		(2,509)	(1,425)
Proceeds from issues of equity securities on exercise of options		160	740
Dividends paid:			
- members of the Company		(41,767)	(51,018)
- non-controlling members of subsidiary entities		(615)	(1,312)
- shareholders entitled to contractual share buy-back		(793)	(2,615)
- shareholders of Plan B Group Holdings Ltd		(2,453)	-
Net cash provided by/(used in) financing activities		1,034	(950)
Net increase/(decrease) in cash and cash equivalents		(17,135)	(65,284)
Cash and cash equivalents at the beginning of period		113,344	152,999
Cash and cash equivalents at the end of period		96,209	87,715

Notes to the condensed consolidated financial statements are included on pages 14 to 25.

1 Reporting entity

IOOF Holdings Ltd (the "Company") is a public company listed on the Australian Stock Exchange (trading under the symbol 'IFL'), domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2012 comprise the Company and its controlled entities (together referred to as "IOOF" or the "Group") and the Group's interests in associates.
The Group is primarily involved in the provision of wealth management services.
The consolidated financial statements of the Group as at and for the year ended 30 June 2012 are available upon request from the Company's registered office or at www.ioof.com.au

2 Basis of preparation

(a) Statement of compliance
This condensed consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting.* Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2012. This condensed consolidated interim financial report does not include all of the information required for full annual financial statements.

This condensed consolidated interim financial report was approved by the Board of Directors on 25 February 2013.

(b) Judgements and estimates
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.
In preparing this condensed consolidated interim financial report the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

3 Significant accounting policies

Except for the additional accounting policy added below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2012.
The additional accounting policy relates to the foreign operations of Plan B acquired during the period.
All other accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2012.

(a) Foreign currency
Foreign currency transactions
Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3 Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR). Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned or likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised directly in equity in the FCTR.

4 Risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2012.

5 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:

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

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

<u>Investment management</u>
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.

<u>Trustee services</u>
The provision of estate planning, trustee, custodial, agency and estate administration services to clients.

<u>Corporate and other</u>
Corporate and other costs include those of a strategic, shareholder or governance nature 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.

5 Operating segments (continued)

	Platform management and administration		Financial advice and distribution		Investment management		Trustee services		Corporate and other		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
External management and service fee revenue	167,620	160,477	40,644	31,230	60,462	61,347	9,721	9,772	-	-	278,447	262,826
External other fee revenue	4,398	4,448	7,317	2,878	3,211	884	1,445	1,084	166	-	16,537	9,294
Inter-segment revenue (i)	-	-	35,893	33,887	-	-	-	-	-	-	35,893	33,887
Service fees and other direct costs	(44,174)	(43,045)	(67,917)	(60,316)	(25,699)	(23,633)	190	64	(158)	100	(137,758)	(126,830)
Amortisation of deferred acquisition costs	(1,454)	(2,154)	(1,376)	(1,605)	-	-	-	-	-	-	(2,830)	(3,759)
Inter-segment expenses (i)	(35,415)	(33,506)	10	-	(391)	(290)	(97)	(91)	-	-	(35,893)	(33,887)
Gross Margin	**90,975**	**86,220**	**14,571**	**6,074**	**37,583**	**38,308**	**11,259**	**10,829**	**8**	**100**	**154,396**	**141,531**
Other external revenue	-	-	33,334	27,854	1,039	1,197	-	-	75	11	34,448	29,062
Finance income (ii)	-	4	908	852	390	639	-	-	2,046	13,732	3,344	15,227
Inter-segment revenue (i)	-	-	159	61	-	-	-	-	26	-	185	61
Share of net profits of associates	(21)	-	625	309	3,463	3,923	-	-	-	-	4,067	4,232
Operating expenditure	(42,400)	(38,644)	(35,692)	(30,486)	(19,536)	(17,795)	(7,769)	(6,938)	(22,063)	(19,364)	(127,460)	(113,227)
Share-based payments expense	(556)	(406)	(397)	(411)	(390)	(463)	72	(55)	(666)	(355)	(1,937)	(1,690)
Finance costs	-	-	(68)	(3)	(191)	(22)	-	-	(1,512)	(883)	(1,771)	(908)
Inter-segment expenses (i)	(30)	-	-	-	(56)	-	-	-	(99)	(61)	(185)	(61)
Impairment	-	-	-	-	(4,578)	-	-	-	-	-	(4,578)	-
Depreciation and amortisation	(6,701)	(6,425)	(5,113)	(3,664)	(1,395)	(1,365)	(63)	(61)	30	(178)	(13,242)	(11,693)
Reportable segment profit before income tax	**41,267**	**40,749**	**8,327**	**586**	**16,329**	**24,422**	**3,499**	**3,775**	**(22,155)**	**(6,998)**	**47,267**	**62,534**

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

(ii) Finance income includes a $nil fair value gain on investment in DKN (2011: $9,587,000) in the corporate and other segment.

	Six months ended	
	31 Dec 12 $'000	31 Dec 11 $'000
6 Revenue		
Management and service fees revenue	278,447	262,826
Stockbroking revenue	31,573	27,181
Other fee revenue	16,537	9,294
Finance income		
Interest income on loans to directors of controlled and associated entities	238	321
Interest income from non-related entities	2,323	3,696
Dividends and distributions received	340	1,293
Net fair value gains/(losses) on other financial assets designated as fair value through profit or loss	225	(308)
Fair value gain on investment in DKN	-	9,587
Profit on sale of financial assets	218	638
	3,344	15,227
Other revenue		
Service revenue charged to related parties	1,047	1,191
Other	1,828	690
	2,875	1,881
Total revenue	332,776	316,409
7 Expenses		
Service fees and other direct costs		
Service and marketing fees expense	131,350	121,609
Other direct costs	6,408	5,221
	137,758	126,830
Operating expenditure		
Salaries and related employee expenses	70,192	62,910
Employee defined contribution plan expense	5,024	4,607
Information technology costs	18,021	17,004
Professional fees	4,047	2,368
Marketing	3,985	4,205
Office support and administration	7,536	6,927
Occupancy related expenses	7,750	6,658
Travel and entertainment	3,182	3,140
Other	22	165
	119,759	107,984
Other expenses		
Share-based payments expense	1,937	1,690
Acquisition transaction costs	723	2,669
Termination and retention incentive payments	3,931	2,238
Depreciation of property and equipment	2,167	2,154
Amortisation of intangible assets	11,075	9,539
Loss on disposal of non-current assets	85	-
Write-down of DKN leasehold improvements	-	336
Impairment of goodwill	4,578	-
Recognition of Plan B onerous lease contracts	2,962	-
Amortisation of deferred acquisition costs	2,830	3,759
	30,288	22,385
Total expenses	287,805	257,199

	Six months ended 31 Dec 12 $'000	Six months ended 31 Dec 11 $'000
8 Finance costs		
Interest	1,771	908

	31 Dec 12 $'000	30 Jun 12 $'000
9 Cash and cash equivalents		
Bank balances	96,209	113,344

	31 Dec 12 $'000	30 Jun 12 $'000
10 Receivables		
Receivables	45,931	39,300
Interest receivable - related parties	70	59
Security bond	5,069	5,069
Other debtors	1,202	274
Accrued income	22,630	20,803
	74,902	65,505

	31 Dec 12 $'000	30 Jun 12 $'000
11 Other financial assets		
Financial assets designated as fair value through profit or loss		
Certificates of deposit and bank bills	2,630	2,569
Shares in listed companies	1,272	228
Unlisted unit trusts	118	2,808
	4,020	5,605
Available-for-sale investments	7,962	7,177
Loans and other receivables		
Loans to directors and executives	10,570	10,148
Seed capital receivable	7,153	7,153
Receivables from statutory benefit funds and other related parties	-	425
Other	9	9
	17,732	17,735
	29,714	30,517

	31 Dec 12 $'000	30 Jun 12 $'000
12 Other assets		
Prepayments	13,247	10,117
Deferred acquisition costs	9,485	11,103
	22,732	21,220

	31 Dec 12 $'000	30 Jun 12 $'000
13 Investments in equity-accounted investees		
Carrying value	27,379	26,278

	31 Dec 12 $'000	30 Jun 12 $'000
14 Other intangible assets		
Cost	363,692	356,645
Accumulated amortisation and impairment losses	(74,948)	(63,924)
Net carrying value of other intangible assets	288,744	292,721

	Adviser relationships $'000	Computer software $'000	Customer relationships $'000	Brand names $'000	Contract agreements $'000	Total $'000
Carrying value at beginning of period	3,851	5,954	256,049	20,751	6,116	292,721
Acquisition through business combination (see note 26)	-	21	-	-	-	21
Additions	4,241	707	2,203	-	-	7,151
Disposals	(10)	(64)	-	-	-	(74)
Amortisation expense	(419)	(578)	(9,192)	(400)	(486)	(11,075)
Net carrying value of other intangible assets	7,663	6,040	249,060	20,351	5,630	288,744

	31 Dec 12 $'000	30 Jun 12 $'000
15 Goodwill		
Cost	617,266	576,804
Accumulated impairment	(17,009)	(12,432)
Net carrying value of goodwill	600,257	564,372
Carrying value at beginning of period	564,372	491,856
Acquisition through business combination (see note 26)	40,463	80,339
Impairment	(4,578)	(7,823)
Balance at end of period	600,257	564,372

	31 Dec 12 $'000	30 Jun 12 $'000
16 Tax assets and liabilities		
Current tax liability	20,457	39,541
Deferred tax asset	24,694	22,765
Deferred tax liabilities	(81,430)	(81,080)
Net deferred tax liability	(56,736)	(58,315)

	31 Dec 12 $'000	30 Jun 12 $'000
17 Payables		
Accounts payable	22,415	33,075
Payables to statutory benefit funds and other related parties	8,168	-
Income received in advance	5,578	1,058
Accrued expenses	24,841	23,786
Goods and service tax payable	4,309	3,996
	65,311	61,915

	31 Dec 12 $'000	30 Jun 12 $'000
18 Borrowings		
Cash Advance & Working Capital Facility drawn - Commonwealth Bank of Australia	105,000	55,000
Finance lease liabilities	1,590	1,791
	106,590	56,791

During the period the Group drew down $50 million of the Commonwealth Bank of Australia (CBA) facility with a fixed term of four years at a variable interest rate for the purposes of acquiring Plan B.

Maturity analysis as at 31 Dec 12	<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
CBA facilities	1,023	17,826	93,482	-	112,331	105,000
Finance lease liabilities	121	362	1,247	-	1,730	1,590
	1,144	18,188	94,729	-	114,061	106,590

	31 Dec 12 $'000	30 Jun 12 $'000
19 Other financial liabilities		
Deferred purchase consideration	3,661	1,525
Share buy-back liability	19,037	27,846
	22,698	29,371

Maturity analysis as at 31 Dec 12	<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
Deferred purchase consideration	12	1,977	1,777	-	3,766	3,661
Share buy-back liabilities (i)	-	-	-	19,037	19,037	19,037
	12	1,977	1,777	19,037	22,803	22,698

(i) 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.

	31 Dec 12 $'000	30 Jun 12 $'000
20 Provisions		
Employee entitlements	37,734	38,351
Directors' retirement	312	282
Onerous contracts	2,786	259
Other provisions	1,321	1,313
	42,153	40,205

	31 Dec 12 $'000	30 Jun 12 $'000
21 Other liabilities		
Deferred revenue liability	9,883	11,387
Lease incentives	3,109	2,988
	12,992	14,375

	31 Dec 12 $'000	30 Jun 12 $'000
22 Share capital		
Ordinary shares	868,799	869,070
Treasury shares	(1,085)	-
	867,714	869,070

	Six months ended 31 December 2012		Year ended 30 June 2012	
	No. ’000	$’000	No. ’000	$’000
Ordinary shares				
On issue at the start of the period	232,038	869,070	231,904	868,451
Adviser performance rights vested during the period	-	383	-	427
Issue of shares on exercise of options under executive and employee share option plan	54	160	134	1,094
Employee performance rights vested during the period	-	542	-	736
Transfer from employee equity-settled benefits reserve on exercise of options	-	68	-	444
On-market purchase of treasury shares transferred to employees during the period	-	(1,424)	-	(2,082)
On issue at the end of the period	232,092	868,799	232,038	869,070
Treasury shares				
On issue at the start of the period	-	-	-	-
On-market purchase of treasury shares	(423)	(2,509)	-	-
Treasury shares transferred to employees during the period	237	1,424	-	-
On issue at the end of the period	(186)	(1,085)	-	-

22 Share capital (continued)

Issuances, repayments and repurchases of equity securities

Issuance of ordinary shares
During the half-year, the Company issued 53,619 (2012: 134,048) ordinary shares for $160,000 (2012: $1,094,000) on exercise of 53,619 share options issued under its executive share option plan. As a result of this share issue, $68,000 was transferred from the share-based payments reserve to issued capital.

During the half-year, the Company issued the following performance rights to executives and other key stakeholders as follows:

Recipients	Rights Issued #	Fair Value $
Senior Management	222,500	4.54
Managing Director	250,000	3.75
Other Key Stakeholders	1,444,538	5.49

23 Reserves

	31 Dec 12 $'000	30 Jun 12 $'000
Asset revaluation reserve	1,072	1,072
Available-for-sale investment revaluation reserve	1,104	319
Business combinations reserve	(302)	(301)
Share buy-back revaluation reserve	(6,018)	(14,034)
Foreign currency translation reserve	14	-
Share-based payments reserve	4,402	3,458
	272	(9,486)

24 Accumulated losses

	Six months ended 31 Dec 12 $'000	Year ended 30 Jun 12 $'000
Opening accumulated losses	(47,138)	25,126
Profit for the period attributable to owners of the Company	33,221	19,373
Transfer of lapsed share options from reserves	-	3,469
Dividends paid	(41,767)	(95,106)
Closing accumulated losses	(55,684)	(47,138)

25 Dividends

The following dividends were declared and paid by the Company:

	Six months ended 31 December 2012		Six months ended 31 December 2011	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend	19.5	45,258	19.0	44,087

In respect of the six months ended 31 December 2012, on 25 February 2013 the Directors declared the payment of an interim dividend of 19.5 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 10 April 2013. This dividend will be paid to all shareholders recorded on the Register of Members on 14 March 2013.

26 Acquisition of subsidiary

On 27 September 2012, the Group gained control of Plan B by acquiring 100% of shares via a Bid Implementation Deed. The acquisition price was $0.57 per share and resulted in a total consideration payable to shareholders of $46.6 million.

In the period from acquisition to 31 December 2012, Plan B contributed revenue of $11,197,000 and a profit of $1,468,000 to the Group's results. This excludes integration and transaction costs (refer Other Expenses in note 7).
If the acquisition had occurred on 1 July 2012, management estimates that the consolidated revenue would have been $344,295,000 and consolidated profit for the period would have been $34,086,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2012.
The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	$'000
Cash	46,609
Cash balances acquired	(6,627)
Net outflow of cash	**39,982**

	Acquiree's carrying amounts on acquisition $'000	Fair value adjustments $'000	Provisional values recognised on acquisition $'000
Identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	6,627	-	6,627
Receivables	3,776	-	3,776
Current tax receivable	631	-	631
Other assets	818	-	818
Property and equipment	1,278	-	1,278
Other financial assets	1,514	-	1,514
Computer software	21	-	21
Deferred tax assets	317	438	755
Payables	(2,881)	-	(2,881)
Other financial liabilities	(433)	-	(433)
Borrowings	(755)	-	(755)
Provisions	(5,097)	-	(5,097)
Other liabilities	(1,117)	995	(122)
Total net identifiable assets	**4,699**	**1,433**	**6,132**
Non-controlling interest in net identifiable assets			14
Acquired interest in net identifiable assets			**6,146**

At the date of the report, the acquisition accounting balances are provisional due to ongoing work finalising valuations which may impact acquisition accounting entries.

Provisional goodwill and intangibles
Provisional goodwill and intangibles has been recognised as a result of the acquisition as follows:

	$'000
Cash consideration transferred	46,609
Fair value of identifiable assets	(6,146)
Provisional goodwill and intangibles acquired	**40,463**

The goodwill is attributable mainly to the skilled workforce and the synergies expected to be achieved from integrating Plan B into the Group.

26 Acquisition of subsidiary (continued)

Acquisition-related costs

The Group incurred acquisition costs of $723,000 relating to external legal fees and due diligence costs. These amounts have been included in other costs disclosed in note 7.

27 Statutory funds

A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. Balances below are disclosed inclusive of amounts receivable from or paid/payable to Group entities.

(a) Assets relating to statutory funds

	31 Dec 12 $'000	30 Jun 12 $'000
Cash at bank	3,262	5,428
Receivables	11,544	10,333
Debt securities	-	43
Shares in listed companies	14,444	15,400
Unlisted unit trusts	754,886	737,740
Derivatives	-	8
Loans to policyholders	9,102	9,456
Mortgages	17	38
Margin accounts	1,451	1,489
Deferred tax assets	727	18,823
Investments backing policyholder liabilities designated at fair value through profit or loss	795,433	798,758

Deferred tax assets reduction resulted from a significant decrease in unrealised capital losses.
Investments held in 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) Liabilities relating to statutory funds

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.

	31 Dec 12 $'000	30 Jun 12 $'000
Payables	1,766	9,750
Derivatives	6	-
Contract policy liabilities - investment contracts with DPF	409,461	417,907
Investment contract liabilities	380,371	367,306
Non-controlling interests in controlled trusts	3,829	3,795
	795,433	798,758

27 Statutory funds (continued)

(c) Contribution to profit or loss of statutory funds

	Six months ended	
	31 Dec 12 $'000	31 Dec 11 $'000
Life statutory revenue		
Interest income	335	1,058
Dividends and distributions received	19,435	12,995
Net fair value gains/(losses) on other financial assets designated as fair value through profit or loss	37,086	(53,156)
Net gains/(losses) on foreign exchange	24	334
Investment contracts with DPF:		
Contributions received - investment contracts with DPF	9,027	10,534
DPF policyholder liability decrease	8,445	9,065
Non - DPF policyholder liability decrease/(increase)	(30,173)	40,539
Other fee revenue	1,991	2,095
	46,170	**23,464**
Life statutory expenses		
Service and marketing fees expense	6,110	6,878
Life insurance operating expenses	17	30
Investment contracts with DPF:		
Benefits and withdrawals paid	24,996	23,377
Termination bonuses	79	65
Distribution to policyholders	60	2,062
Interest	196	118
	31,458	**32,530**
Income tax	**14,712**	**(9,066)**
Net contribution to profit or loss of statutory funds	-	-

28 Contingencies and commitments

Litigation is in process against two of the company's subsidiaries relating to a change of control clause wherein the counterparty is seeking relief, including damages. The information usually required by AASB 137 is not disclosed on the grounds that it can be expected to seriously prejudice the outcome of the litigation. The claim was successfully defended in the first instance and is now the subject of an appeal. The Directors are of the opinion that the claim can continue to be successfully defended by the Company.

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. There have been no significant changes in contingent liabilities or contingent assets since the consolidated financial report as at and for the year ended 30 June 2012.

29 Subsequent events

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