Annual Report
2009

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About the IOOF Group

For over 160 years, IOOF has accompanied Australians' journey towards a secure and rewarding financial future.

IOOF's strength and reputation as a financial services organisation was cemented with the merger between Australian Wealth Management in April and the acquisition of Skandia in March. At 30 June 2009, IOOF had $94.6 billion in Funds Under Management, Administration, Advice and Supervision.

The Group's products and services are designed to accompany the lives of around 700,000 Australians from wealth accumulation into retirement and across to the next generation.

IOOF is a fully integrated financial services company offering:

Wealth Management services via our extensive network of financial advisers and stockbrokers. IOOF advises retail clients on investment strategies, wealth protection and accumulation, stockbroking and retirement planning. Together with our referral partners, IOOF services thousands of clients to make us one of Australia's leading financial planning groups.

Superannuation administration for over 500,000 clients and hundreds of employers in Australia. Our platforms allow clients, employers and advisers to manage a wide range of investments, including managed funds and direct shares.

IOOF is one of Australia's largest independent and pure providers of wealth creation product and services.

Investment Management products that are easy to understand with well-rounded investment options. Our multi investment manager or 'manage the manager' products offer flexibility across a range of asset classes.

Asset Management opportunities with Perennial Investment Partners Limited, Australia's leading boutique investment firm. Comprising several boutique firms Perennial's investment capabilities cover Australian shares, international shares, Australian listed property, global listed property, fixed interest and cash.

Estate Planning services including the preparation of wills and estates, powers of attorney and the management of deceased estates by Australian Executor Trustees (AET). AET is also a specialist in the provision of personal trusts.

Corporate Trust services involving acting as custodian for managed investment schemes, acting as trustee or security trustee for securitisation and structured finance transactions, and as trustee for note and other debt issues.

IOOF operates in every state of Australia under six divisions – Platform Management and Administration, Financial Advice and Distribution, Investment Management, Private Client, Corporate Trust and Asset Management.

We operate multiple well-known brands such as Bridges Financial Services, Perennial Investment Partners Limited, Australian Executor Trustees, Spectrum Super, Pursuit and Ord Minnett.

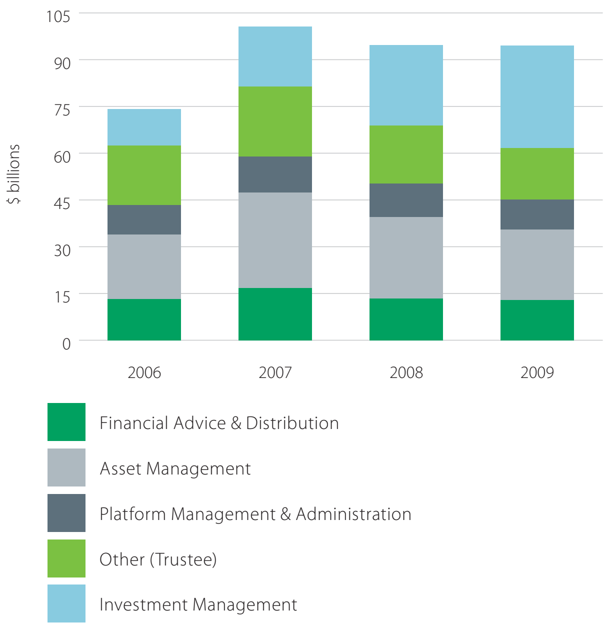
A strong emphasis is placed on achieving the best result for our clients with committed and capable employees delivering the highest standards of customer service. Ensuring the business is efficient through cost control presents another way to deliver shareholder value.

IOOF will continue to strengthen its operations to consolidate its position as one of Australia's largest independent wealth managers.

Highlights

Our financial performance

Funds by segment



For comparative purposes this graph shows the acquired entities fund balances from AWM and Skandia (excluding Intech) since 2006.

Understanding the data behind our performance

The key driver affecting the financial performance for the financial year ended 30 June 2009 was reduced Funds Under Management, Administration, Advice and Supervision (FUMAS). Funds Under Supervision are not a key driver of profitability.

The result was also influenced by accounting rules which govern how we report our financials post-merger with Australian Wealth Management (AWM) and IOOF Global One (formerly Skandia).

These groups of companies merged with IOOF on 30 April 2009 and 6 March 2009 respectively. Financial performance therefore included the impact of any activity with those groups only from those dates on. IOOF services pools of investors' money on which it then earns revenue as a percentage of the fund balance. However, costs do not vary directly with fund balances. IOOF's expanded sales capability is vital to its long-term interests. Decisions on use and allocation of resources are heavily influenced by optimal operational and external market drivers which cannot always be timed in response to unrelated movements in fund balances and the associated impact on revenue.

The consolidated net profit after tax for the year has also been affected by the inclusion of several revaluation adjustments, the recognition of an available-for-sale impairment loss, the recognition of unrealised losses on other financial assets held at fair value through profit or loss, a reduction in the share of associates profits and corporate restructuring costs implemented during the year.

Funds Under Management and Administration, Advice and Supervision (FUMAS)

The reduction in FUMAS was the result of a number of factors. Influences on FUMAS include:

Market performance

The adverse performance of the markets in which IOOF FUMAS was invested, in particular equities, fixed interest and property, were the largest contributing driver to FUMAS performance. Under stable market conditions, IOOF would obtain revenue growth from higher FUMAS at the year's commencement as compared with FUMAS at the commencement of the preceding year.

Number of investors

The number of investors in IOOF products affects the level of FUMAS and therefore IOOF's performance. Investments can be placed into IOOF products through superannuation funds, via independent and aligned financial advisers or directly with IOOF. Funds can be invested into IOOF platforms or into external platforms that include IOOF products.

Number of advisers

Independent and aligned financial advisers are a key source of investment funds as they provide a sales distribution network for IOOF products. The number of advisers supporting IOOF products, therefore, influences the growth in FUMAS.

Investment performance

Good investment performance attracts funds. Individual fund performance is disclosed on the IOOF website at www.ioof.com.au

Shareholder value

Shareholder value can be measured by:

Total shareholder return

Total shareholder return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. As a wealth management stock, IOOF's share price during the year has been sensitive to the downturn in equity markets generally.

Earnings per share

Basic earnings per share were 16.7 cents per share compared to 34.2 cents per share for last year. Diluted earnings per share were 16.5 cents per share compared to 33.8 cents per share for last year.

On an underlying earnings basis, where the impact of certain non operational accounting adjustments is removed to allow disclosure of underlying profitability, basic earnings per share were 20.1 cents per share compared to 37.9 cents per share for last year. This reflected the increased number of shares on issue, due to the merger, and reduced underlying earnings.

Franking credits

The balance of the franking account at 30 June 2009 of $39.9 million will support the payment of fully franked dividends as recommended by Directors. It is expected that the IOOF Group will continue to make future tax payments and this will increase the availability of franking credits.

Chairman's statement

Ian Blair

On behalf of my fellow directors, I take great pleasure in presenting this year's Annual Report to shareholders.

IOOF has expanded considerably this year

2008/2009 has been a year of considerable expansion at IOOF Holdings Limited (IOOF), not only due to the merger with Australian Wealth Management Limited (AWM), but also the acquisition of Australian Skandia, now known as IOOF Global One (IGO). These transactions have created a much larger company, offering our clients a greater variety of services. We now offer additional services such as stockbroking, estate planning and trustee services, which partner perfectly with the investment and superannuation products we are renowned for.

In fact, the money we manage on behalf of our clients now exceeds $94.6 billion, up from $29.4 billion last year.

In November 2008, IOOF announced its intention to merge with AWM. The rationale behind the merger was to create a larger wealth management player that was well positioned to compete in the Australian market place, operating from a much lower cost base. That compelling rationale still remains true today.

Your directors then approved the opportunistic acquisition of Australian Skandia, from Old Mutual. In this transaction, IOOF acquired approximately $8 billion in funds.

IOOF is prospering despite the difficult environment

As foreshadowed in my report last year, 2008/2009 was indeed a difficult one for equity markets worldwide. Industry players, including IOOF were not immune from this external impact. The Underlying Net Profit After Tax (UNPAT) of $23.1 million that we reported to the market is not a true indication of the earnings base of the new Group. Had the Group merged at the beginning of the financial year, the UNPAT result would have been in the order of $52.1 million.

Dividend announced

While the company did not pay a dividend in the first half, a special dividend of 13 cents per share was distributed to shareholders at the end of July. Your directors declared a 4 cent per share final dividend at the end of the period which was paid in October.

Changes to the Board and Senior Management

As a result of the merger with AWM, the composition of the board has changed since last year, now closely reflecting the history of both organisations. In early May, the Board farewelled Non-Executive Directors, Ms Kate Spargo and Mr Rick Harper. Mr Tony Hodges, Executive Director stepped down from his board duties to concentrate on his executive role. I would like to personally thank Kate, Rick and Tony for their contribution to the growth of IOOF and for their counsel to me during their time as directors.

These retiring directors were replaced with representatives from the AWM board. Managing Director, Christopher Kelaher and Non-Executive Directors, Mr Ian Griffiths and Mr George Venardos were appointed directors of IOOF, upon confirmation of the merger.

Despite these changes, your Board remains committed to ensuring the company operates under a comprehensive risk and compliance framework and fully support the industry regulators in their efforts to raise service standards.

There was also a change in the leadership of IOOF, after the merger, with Mr Tony Robinson leaving the Company. AWM's Managing Director, Mr Christopher Kelaher assumed this position in early May and set to work immediately on integrating the businesses.

Other senior management and staff positions have been drawn from the two organisations, based on merit.

I would like to thank outgoing Chief Executive Officer, Tony Robinson for his leadership, and efforts in propelling IOOF forward during his tenure with the business.

Company integrations involve a significant amount of work and co-operation from all involved, so I would like to recognise the contribution of the Board, senior management and all employees at IOOF throughout the year.

Despite the global downturn, I remain firmly of the opinion that the wealth management industry will continue to survive and prosper. Ensuring your financial future well beyond retirement is still as important as ever and I believe IOOF will be there for its clients for many years to come.

Against the backdrop of the worst financial crisis seen in recent times, IOOF is taking advantage of the downturn to rejuvenate its business, ensuring it is well positioned for the market recovery and beyond.

I look forward to meeting many of you at the Annual General Meeting in Melbourne on Friday 27 November 2009.

Ian Blair
Chairman

Managing Director's overview

Christopher Kelaher

This is my first overview since being appointed Managing Director of IOOF on 30 April 2009.

IOOF has grown significantly as a result of the merger with AWM and Skandia

Following recent changes to your company, IOOF is now a much larger enterprise than this time last year. The merger with Australian Wealth Management, the company which I previously led for over 10 years, has provided the Group with much needed scale and strength in these challenging times, as has the acquisition of Australian Skandia from Old Mutual.

While we continue to operate in the same industry, the services we provide, as a result of our merger and acquisition activity, have expanded considerably. As a result, IOOF is now well-entrenched in the top 10 providers in our industry, and is considered to be the largest independent wealth management company in Australia. We are focused on providing clients with retirement and superannuation services, investment management, stockbroking and personal financial advice, Australia-wide.

The money we manage on behalf of our clients, which we call Funds Under Management, Administration, Advice and Supervision or FUMAS was $94.6 billion at 30 June 2009. While this is a significant increase from the $29.4 billion reported last year, it represents only a modest change when 30 June 2008 fund balances from the acquired entities are added to the Group's balance for comparative purposes.

Any positive net inflows into the Group's products were offset by the adverse market conditions experienced during the year. This is a reflection of the effect that global stockmarkets have on our business.

For the year ended 30 June 2009, our first financial result as a newly merged business, we announced an underlying net profit after tax of $23.1 million. Had the businesses merged in July 2008, the result would have been $52.1 million. This was a result that was adversely impacted by the unprecedented global financial conditions and by the timing of the merger.

Decisive action has seen early results

While shareholders and the market have been aware of the merger since November last year, I have only been Managing Director since the end of April. Despite this, my senior management team and I have acted decisively, focussing on integration and consolidation of the business.

Obviously, when two, let alone three businesses are merged together, there are facets of the merged entity that are considered outside the scope of our core business. To this end, it was decided to sell the stake in listed property provider MacarthurCook, and also the implemented consulting business, Intech that was associated with Skandia.

IOOF's products and services accompany the lives of around 700,000 Australians from wealth accumulation into retirement and across to the next generation.

At the time of the merger announcement, IOOF announced that the primary motivation for the merger was to create a much larger, yet leaner wealth management company. One of the stated targets was to achieve $20 million after tax in costs savings, or synergies, within 12 months. We have made good progress in a short time with this target, announcing $10 million after tax annualised savings reached since 1 May 2009. Further, we have achieved another $13 million after tax, annualised synergies associated with the acquisition of the Skandia business.

To achieve these cost savings we have commenced unification of our suppliers, such as telecoms, IT, stationery, and the like, as well as bringing in-house many previously outsourced services. The majority of the cost savings have regrettably arisen from staff redundancies, particularly in the senior ranks. To minimise disruption to remaining staff and the business we have moved quickly to re-organise affected areas.

As you can see, the early results of the integration of IOOF, AWM and IOOF Global One are encouraging, but to accomplish the remaining identified cost savings within the targeted timeframe, there is still more to do.

An obvious area for rationalisation is the number of properties that we occupy in each major state around Australia. We aim to significantly reduce our current office footprint over the next 6-12 months, which not only saves us money, but more importantly unites our employees in common state-based locations.

Managing Director's overview
continued

In order to lift efficiency and performance overall, we must necessarily reduce the number of products and services that we offer. Presently we have eight 'platforms' offering similar products and services. We have determined a roadmap for product rationalisation that will see these platforms reduce over time.

Presently, we are working with the financial advisers and clients that use these platforms to ensure that any changes we make continue to meet their needs.

We have also responded to the external factors affecting our industry

Despite the integration activities our underlying businesses are performing well and have adapted to the poor market conditions over which we have no influence. You can read about their progress and achievements this year in the following pages.

The Government and regulatory bodies overseeing the wealth management industry in Australia are currently conducting formal reviews that could affect the way we operate in future, in particular how we may charge for our services.

Half of our businesses already operate under a fee for service regime, some since 2007.

Industry bodies, The Investment and Financial Services Association (IFSA) and The Financial Planners Association (FPA), of which we are members, have issued guidelines that state that commission payments to financial planners must cease within two years. IOOF intends to comply with this requirement within the set timeframe.

IOOF is positioning itself for future growth

Since the end of the financial year, we have seen signs of early recovery in global markets, and while we remain cautious about current conditions, we also recognise that wealth management companies have a strong future. Our clients' desire to ensure a secure financial future for themselves has not diminished, nor will the demand for retirement planning services cease, in fact we believe it will only increase in future years.

We are one of the oldest financial services firms in Australia, and remain committed to providing the products and services Australians need to securing their financial future.

Christopher F Kelaher
Managing Director

Divisional overview

Platform Management and Administration

This division is responsible for the provision and administration of personal and corporate superannuation, Self Managed Super Funds and Small APRA Funds for retail and corporate clients.

Pursuit, Spectrum Super, The Portfolio Service and AET are our main brands operating under this division. IOOF has been focussed on adding enhancements for the benefit of our clients and advisers. Efforts to improve the efficiency in the administration and support of our platforms have also taken place reinforcing our reputation.

The money we manage on behalf of clients in this division, or the industry term, Funds Under Administration reached $22.5 billion as at 30 June 2009. We were pleased to improve our net flows over the past year despite the market downturn. This increase has been achieved by focussing on our clients' needs during this difficult market, helping to educate them on the benefits of our platforms and products, and ultimately retain them.

Our corporate and retail superannuation offerings, Pursuit, One Corporate and Spectrum Super, were all awarded a Heron 5 Star rating as outstanding super funds.

Pursuit was also awarded 'PDS of the year' at the ASFA Communications Awards, confirming our market-leading position in Product Disclosure Statement (PDS) development. PDS' are the documents clients must read before investing with us. The new PDS documents took advantage of provisions in the new 'incorporation by reference' legislation and are now considerably shorter, quicker to update and easier to read.

Enhancements to Spectrum Super included offering new extended periods for Salary Continuance, helping to reinforce the value of the product.

The amalgamation of our AET Super Solutions team into our Adelaide operations centre resulted in significant cost savings. AET was successful in achieving approved product status for its Small APRA Funds to all MLC licensees and ANZ Financial Planning which bodes well for further growth in this product class.

Outlook

We see a positive outlook for superannuation as the global and local markets improve. Superannuation underpins the key retirement savings platform for working Australians, and we are well placed to cater to their changing needs.

Divisional overview
continued

Financial Advice and Distribution

With nearly 600 financial advisers, this division is represented by such well known groups as Bridges Financial Services, Wealth Managers, Ord Minnett and Consultum. Providing advice to retail and institutional clients on investment strategies, wealth accumulation, retirement planning and stockbroking has seen this division retain $12.9 billion of Funds Under Advice during significant market volatility.

Defensive investment recommendations by our advisers have sheltered a significant proportion of clients from much of the downturn associated with the global financial crisis during the financial year.

Our key brands enjoyed strong growth in new clients, demonstrating that even in difficult economic environments, people see the value in obtaining trusted financial advice. It also shows that quality businesses grow and prosper despite difficult conditions.

Whilst business volumes moderated as the year unfolded, signs of recovery have emerged. Recent business referral flows have improved and Statement of Advice production has strengthened significantly.

Bridges took advantage of the downturn to acquire financial planning businesses, assisting their business and improving the scale and reach of Bridges into regional Australia. Overall, 20 new planners joined Bridges in 2008/09 and a new branch was established in the Newcastle area.

Through our 70% shareholding, we are assisting Ord Minnett as it continues to expand it's client offering from primarily stockbroking to a broader wealth management offering.

Ord Minnett and the estate planning division of AET combined to leverage their individual strengths to develop a new estate planning service for clients of Ord Minnett. By relocating a number of AET's Estate Planning Advisers to Ord Minnett offices, clients receive a personal service in a familiar location.

Consultum continued its focus on ensuring it achieves steady growth. During the year it launched an 'intergenerational advice' program to help older Australians direct younger family members to seek financial advice.

Outlook

The division will continue to focus on growing adviser numbers, to cater for the growing recognition by Australians that they must prepare for their financial future. The outlook remains positive as demand for quality financial planning advice grows. Improving market outlook should support our key business drivers.

In relation to key regulatory reviews that are currently being considered, IOOF is a strong supporter of both the Investment and Financial Services Association and Financial Planning Association's proposed key principles regarding planner remuneration. The majority of financial planners within the division are already operating predominantly on a fee for service basis and the business is well positioned for any industry changes that arise from these reviews.

Investment Management

Providing investment management products and solutions to retail and wholesale investors is the primary focus of the Investment Management division. United Funds Management together with IOOF branded products, Wealth Builder and MultiMix Trusts ensure this division plays an important part in our client's investment profile.

Across the division's products it runs $9.7 billion in 'manage the manager' (multi-manager) funds as at 30 June 2009.

United, with 22 funds, continued to expand its distribution via its partners, such as Lonsdale/DKN, and on non-aligned platforms such as BT Wrap, helping to extend its reach outside the Group.

Our United products retained their 'Investment Grade' rating from Lonsec. The Investment Grade rating indicates that Lonsec believes "that the fund or product can achieve its objectives and, if applicable, outperform some of its peers over an appropriate investment timeframe".

Those funds were:

- United Sector Leaders Capital High Growth Fund
- United Sector Leaders Diversified Aggressive Fund
- United Sector Leaders Capital Growth Fund
- United Sector Leaders Capital Balanced Fund
- United Sector Leaders Capital Stable Fund
- United Capital Secure Fund
- United Sector Leaders Australian Equities Fund
- United Sector Leaders International Equities Fund.

A consolidation of IOOF-associated Questor Funds occurred during the year with investors transitioned into comparable United Funds providing cost-savings to the Group.

The launch of Wealth Builder was well received by the market, creating a tax-effective product with 12 investment options. Ongoing sales and marketing strategies for Wealth Builder have resulted in an increase of advisers supporting the product in the latter part of 2008/09. Sales of the Wealth Builder product, by new parts of the business, courtesy of the merger with AWM, will also support the growth in this product.

IOOF MultiMix Trusts achieved significant improvement in net flows following its restructure in 2007/08 to improve product flexibility. The product generated positive net flow of funds in 2008/09, particularly pleasing in a tough business environment.

Outlook

Investment Management will continue to build on its broad range of investment funds and increase its profile with established aligned and non-aligned partners.

Longer-term growth opportunities exist due to Australia's compulsory superannuation requirements and a focus on improving the availability of our products to other non-aligned dealer groups. Recent changes to superannuation legislation and an ageing population is likely to benefit our Wealth Builder product.

Divisional overview
continued

Australian Executor Trustees

Private Client

The Private Client Division operates within the Australian Executor Trustee brand. The division prepares Wills, administers deceased estates and provides fiduciary services to thousands of clients across Australia.

The division earns revenue from the fees charged for these services which has minimised the impact of the recent downturn. Whilst the number of estates has remained steady, the average value of estates was down reflecting the market conditions.

A key initiative by management has been relocating a number of Estate Planning Advisers to Ord Minnett offices. Management has also worked to increase the utilisation of the Ord Minnett investment administration platform. This has yielded efficiencies and improved service levels to our clients.

Outlook

The value of estates managed by the division will vary depending upon investment market conditions but the number of estates will remain steady. In the longer term, this division is well positioned to take advantage of any expected rise in wealth transfers between generations.

Corporate Trust

AET acts as trustee/custodian for $33 billion in Funds Under Supervision (FUS). The division acts as the legal owner or holds security over assets on behalf of its clients.

The Corporate Trust division also provides administration and supervisory services such as custody, trustee for wholesale schemes, note issues, securitisation program and SPV management.

The increase in funds under its supervision is impressive given the market volatility and reflects the efforts the division has made to streamline processes and informing the market of the range of services it offers.

The diverse product range and high-profile client base provided AET with a degree of resilience to the recent downturn in financial markets. During the year, Corporate Trust was appointed trustee for the Tabcorp and Brookfield Multiplex note issues and security trustee for the RBS commercial paper conduits.

The implementation of a single computer system and low turnover in our people has seen the efficiency of the business improve and expenditure minimised.

Outlook

Consisting of highly experienced staff, AET's Corporate Trust team are well placed to increase both revenue and Funds Under Supervision as the market improves.

PERENNIAL INVESTMENT PARTNERS

Asset Management

Perennial Investment Partners (Perennial) is recognised as Australia's leading boutique investment firm. Perennial comprises a suite of specialist investment management boutiques:

- Perennial Fixed Interest
- Perennial Growth
- Perennial International
- Perennial Real Estate
- Perennial Value.

Perennial's sole purpose is to provide superior investment returns for our clients and this has been the catalyst for its growth with over $16.5 billion now under management.

During a difficult year for investors, Perennial launched four new products in response to the changing needs of our investors:

- Perennial Cash Trust – providing risk adverse investors with a secure cash product
- Perennial Protected Cash Trust – with cash investments guaranteed under the Australian Government Guarantee Scheme
- Perennial Core Australian Share Trust – combining Perennial's Value and Growth boutiques to create a no-style bias Australian shares product
- Perennial Tactical Income Trust – designed to make fixed interest and cash allocation decisions based on prevailing credit and economic conditions.

2009 saw Morningstar rate Perennial's global property capability as 'Highly Recommended'. They were impressed with Perennial's levels of quality and depth as a property manager. Perennial also featured prominently in van Eyk Research's review of Australian shares with an 'A' rating for both Perennial Growth Wholesale Shares Trust and Perennial Value Wholesale Shares Trust.

Perennial took a leading role in becoming a signatory to the United Nation's Principles of Responsible Investing (PRI). PRI is a framework to help investors incorporate environmental, social and corporate governance factors into their investment decisions.

Outlook

Perennial looks to the year ahead with optimism as our business is in very good shape. The new initiatives mentioned above, improving market conditions and the strong performance of our investment capabilities relative to peers presents an exciting opportunity.

Directors

Ian Blair

OAM, MMgt, FCA.

Chairman – Independent Non-Executive Director

Ian has been a Non-Executive Director of IOOF Holdings Ltd since 2002 and Chairman since 2005. He was a Non-Executive Director of IOOF Ltd from 2000 to 2002.

He has extensive experience with accounting firm Deloitte Touche Tohmatsu, including five years as CEO of the firm. Ian is active in local government and community organisations and received an Order of Australia Medal in 1987 for services to the community.

Other current directorships

- SAS Trustee Corporation (NSW State Superannuation Fund) (director since 1998)
- Capral Aluminium Ltd. (director since 2006)
- Bisley & Company Pty Ltd (Chairman since 1 January 2008)

Special responsibilities

- Chairman of the Remuneration Committee

Ian Blair

Christopher Kelaher

B.Ec, LL.B, F Fin.

Managing Director

Chris was appointed as IOOF Holdings Ltd's Managing Director on 30 April 2009, following the merger of IOOF Holdings Ltd and Australian Wealth Management Limited.

He served as managing director of Australian Wealth Management Limited's principal operating businesses since 1997 and has more than 20 years investment management and business development experience.

During his time at Citicorp, Chris was responsible for business management, strategic marketing and sales growth in Australia, and 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 last three years

- Australian Wealth Management Limited (managing director from 2006 to 2009)
- Select Managed Funds (managing director from 1997 to 2006)

Christopher Kelaher

Dr Roger Sexton

B.Ec. (Hons), M.Ec. Ph.D (Econ), FAICD, FAIM. FFin, C. P Mgr, C.Univ

Deputy Chairman – Independent Non-Executive Director

Dr Sexton has been a Non-Executive Director of IOOF since 2002. He has over twenty years experience in senior management and is a specialist in the areas of corporate reconstruction, mergers and acquisitions, and privatisations.

Other current directorships

- Chairman of Beston Pacific Asset Management Pty Ltd (director since 2003)
- Chairman of KeyInvest Limited (director since 2007)
- Chairman Thomas Bryson International Limited (director since 2008)
- IBIS World Pty Ltd (director since 1989)
- TWT Limited (director since 2008)

Special responsibilities

- Member of the Remuneration Committee
- Member of the Audit Committee


Dr Roger Sexton

Ian Griffiths

C.Acc, DipAll, MIIA.

Executive Director

Ian was appointed as a Director on 30 April 2009, following the merger of IOOF Holdings Ltd and Australian Wealth Management Limited.

He was appointed as an executive director of Australian Wealth Management Limited on 29 May 2006, having previously served as executive director of Select Managed Funds Limited since 1989. Ian has more than 30 years experience in the financial and superannuation industries.

He joined Select Managed Funds Limited after a career in superannuation administration and consulting commencing with AMP in 1972. His industry knowledge and skills, particularly in operations and mergers and acquisitions, has been central to the growth of Australian Wealth Management Limited.

Former directorships in last three years

- Australian Wealth Management Limited (director from 2006 to 2009)
- Select Managed Funds (director from 1989 to 2006)
- Tasmanian Perpetual Trustees Ltd (director from 2002 to 2006)

Special responsibilities

- Member of Audit Committee from May 2009
- Member of the Remuneration Committee from May 2009


Ian Griffiths

Directors
continued

Jane Harvey

B.Com, MBA, FCA, FAICD.

Independent Non-Executive Director

Jane has been a Non-Executive Director of IOOF since 2005. She was Partner of PricewaterhouseCoopers from 1996 to 2002 and has extensive business, finance and general management skills in a range of line management and consulting roles across many industry sectors.

Other current directorships

- Royal Flying Doctor Service (Nat and Vic) (director since 2002)
- Telecommunications Industry Ombudsman (director since 2002)
- Colonial Foundation Trust (director since 2007)
- Medibank Private Limited (director since 2007)

Former directorships in last three years

- Boom Logistics Limited (director from 2005 to 2009)

Special responsibilities

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

Jane Harvey

James Pfeiffer

BA, LLB.

Independent Non-Executive Director

James has been a Non-Executive Director of IOOF since 2005. He is a solicitor and a consultant to Freehills. He was a Partner of Freehills for 25 years, practising in the areas of corporate/commercial law.

James has experience in both corporate governance and risk management and is active in several other community organisations.

Other current directorships

- Chairman of Wesley Mission Melbourne Ltd (director since 2001)
- Director of Haileybury Ltd (director since 1982)

Former directorships in last three years

- Director of Peter MacCallum Cancer Institute

Special responsibilities

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

James Pfeiffer

George Venardos

BComm, FCA, FCIS, FAICD, FTIA.

Independent Non-Executive Director

George was appointed as a Director on 30 April 2009, following the merger of IOOF Holdings Ltd and Australian Wealth Management Limited.

He was appointed to the board of Australian Wealth Management Limited in January 2008 as a non-executive director.

George has 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 for Legal and General Australia (from 1986 to 1998).

George Venardos

Other current directorships

- Guild Group Holdings Ltd
- Bluglass Ltd
- Sunnyfield Association Ltd

Former directorships in last three years

- 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 Risk and Compliance Committee from May 2009
- Member of Remuneration Committee from May 2009

Corporate Governance

The Board of directors and management of IOOF recognise the importance of good corporate governance and is committed to maintaining the high governance standards within the Group. This is paramount since IOOF is both a listed company and an entity operating within the financial services sector, highly regulated by APRA, ASIC, the ASX, AUSTRAC and the Attorneys General offices.

The Board is responsible to its shareholders for the performance of the Company. The Board's focus is to enhance the interests of shareholders and key stakeholders (eg employees, regulators).

A summary of the Company's policies and procedures in relation to governance are available in the corporate governance section of the Company's website: www.ioof.com.au The Company's corporate governance policies and practices are reviewed annually and will continue to develop and improve its governance practices and monitor developments in best practice corporate governance.

Principle 1: Lay solid foundations for management and over sight

The Board is constituted and empowered under its constitution and the requirements of the *Corporations Act 2001*. The Board has delegated some of their powers to Board Committees and management:

- overseeing strategic objectives and direction of the company
- setting and monitoring annual operating plans
- monitoring financial objectives
- ongoing assessment and monitoring of performance
- determining group financial strategy and policies
- managing and monitoring risk and compliance, internal compliance and control
- reviewing the Company's code of conduct and overall corporate governance to ensure effective and timely disclosure of policies, procedures and other relevant data to the market, shareholders and customers.

Delegation to Managing Director

The Board delegates to the Managing Director responsibility for implementing the Company's strategy and managing day to day operations. Clear lines of communication have been established between the Chairman and the Managing Director to ensure these responsibilities are understood.

Appointment of Directors

All Directors receive an induction pack on appointment which sets out the Board's responsibilities, the Director's duties and the role of the Committees.

Principle 2: Structure the board to add value

Board Independence

A Director of IOOF will be considered independent where the Director is independent of management (ie a Non-Executive Director), does not hold a substantial interest in the company and is free from any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of independent judgement. The Board has made its own assessment to determine the independence of each Director and notes that at the date of this report five of the seven Directors are independent. The Board notes the requirement of a majority of independent Directors.

Composition of Board

At the date of this report the Board comprises six Non-Executive Directors, of which five are independent, and one Executive Director (Kelaher). Mr Ian Griffiths is not considered independent as he was previously an executive with the AWM business.

A profile of each Director is set out in the Director's report. The Chairman is selected by the Board and is an independent Director. The Chairman and Managing Director have separate roles. The Chairman provides leadership to the Board and is responsible for the efficient management of the business of the Board. The Chairman is an ex-official member of each Board Committee.

The independent Non-Executive Directors are Messrs Blair, Pfeiffer, Sexton, Venardos and Ms Harvey.

Remuneration Committee

The Board established a Group Remuneration Committee, a terms of reference has been formalised which includes responsibility for nominating and recommendation of Independent Directors and the CEO ensuring that the Managing Directors and Senior Management remuneration arrangements are performance based, correspond to the prevailing market levels and are consistent with the principles for sound compensation practices; management succession planning; and approval of all short term and long term plans across the Group.

The Committee meets at a minimum four times a year and comprises Mr Blair (Chair) and Messrs Griffiths, Sexton and Venardos.

Principle 3: Promote ethical and responsible decision making

The Board has developed a Code of Conduct which is designed to ensure a high standard of corporate and individual behaviour. Directors, executives and all employees are aware of their responsibilities under the terms of their appointment or contract of employment.

The Code provides that directors and executives must act honestly, in good faith and in the best interests of the company; use due care, skill and diligence in fulfilling their duties; use the power of their position; not allow personal interests, or those of associates, to conflict with interests of the company; exercise independent judgement and maintain confidentiality. A copy of this policy is available on the company's website.

Directors, officers and employees are subject to the *Corporations Act 2001* relative to restrictions applying for, acquiring and disposing of securities of the Company if they are in possession of insider information. Directors, officers and employees are restricted from trading in the Company's securities during certain blackout periods.

In addition, directors have entered into an agreement with the Company which requires approval before trading in the company's securities and on-going disclosure to the company of any change in the director's interest in securities within three business days of the change occurring.

Principle 4: Safeguard Integrity in financial reporting

The Board of IOOF receives regular reports about the financial condition and operational results of IOOF and its controlled entities. The Managing Director and Chief Financial Officer report in writing to the Board that the consolidated financial statements of IOOF for each half year and full year present a true and fair view, in all material respects, of the Group's financial condition and are in accordance with accounting standards.

In addition, they report on the company's risk management system (financial; strategic and operational) and the effectiveness of such a system. The Board has established an Audit Committee to provide assistance to the Board in accordance with its established Terms of Reference. The Committee meets at least four times per year. The Committee comprises only Non-Executive Directors, with a majority of Independent Directors, and the Chairman of the committee is not the Chairman of the Board.

The principal functions of the Audit Committee are to review the half and full year financial report, review accounting policies, appoint the internal and external auditors and to ensure effectiveness of IOOF's systems of accounting, internal controls and risk management. The Board has adopted a formal policy on the provision of non audit services. The members of the Audit Committee are Ms Harvey (Chair), Messrs Griffiths and Pfeiffer.

Principle 5: Make timely and balanced disclosure

The Board is committed to keeping its shareholders and the market fully informed of major developments that may have an impact on the Company.

Procedures are in place to identify matters that are likely to have a material affect on the price of the company's securities and to ensure those matters are notified to the Australian Securities Exchange (ASX) in accordance with Listing Rule disclosure requirements.

The company has a continuous disclosure policy which is circulated to all employees. The IOOF Continuous Disclosure Policy is designed to meet best practice, ensuring all interested parties have an equal opportunity to obtain information which is issued by the Company. The Company Secretary is responsible for maintaining a register of information referred to her or the Managing Director that a Director, executive or employee queried as to being a potential item for disclosure. All disclosure is actioned as soon as advised.

The Company Secretary is responsible for all communications with the ASX. A copy of this policy is available on the company's website.

Principle 6: Respect rights of shareholders

IOOF recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the company.

IOOF communicates information to shareholders through the annual report, disclosures to the ASX, ASIC and the company's website, which provides shareholder information and news about the company.

The Board encourages active participation by shareholders at any company meetings. IOOF ensures that the Company's auditors attend the annual general meetings or other meetings of the Company and shareholders are afforded the opportunity of asking the Company's auditor questions regarding the conduct and content of the audit. A shareholder may submit a question to the auditor prior to the meeting by emailing the Company Secretary.

Principle 7: Recognise and manage risk

The Board recognises that effective management of risk is an integral part of sound management and is vital to the continued growth and success of IOOF.

The Board is ultimately responsible for the oversight of the IOOF Group's risk management and control framework and has implemented a policy framework designed to ensure that the Group's risks are identified, analysed, evaluated, monitored and communicated within the organisation or to any relevant external party and that adequate controls are in place and effectively function.

In addition to the Audit Committee, the Board has established a Risk and Compliance Committee, which is responsible for reviewing all aspects of risk and compliance on behalf of the Board. The committee comprises three independent non-executive directors, members from the legal, compliance and internal audit and risk management team of the business and a representative from each operating business within the Group.

At this committee the Group Head of Risk reports to the Committee on the monitoring of risk through the business, risk reporting through the enterprise-wide framework including positive assurance. This Committee meets at least quarterly and reports to the Board.

The Managing Director and the Chief Financial Officer report in writing to the Board to the best of their knowledge and belief, that the statement given in accordance with best practice recommendation is founded on a sound system of risk management and internal compliance and control is operating efficiently and effectively in all material respects in so far as they relate to financial, strategic and operational risks.

This report confirms that the system implements the policies adopted by the Board either directly or through delegation to management and that the Company's risk management and internal compliance is operating effectively in all material respects as at the date of this report, based on the risk management model adopted by the Board.

The statements provide a reasonable, but not absolute, level of assurance and do not imply a guarantee against adverse events or more volatile outcomes arising in the future. In addition, it sets out that risk management and internal compliance and internal control systems are subject to periodic declarations by process owners and review by the Company's audit process and regulators.

The Company has established a number of other policies which include, but are not limited to, the Delegations Policy, Code of Conduct, IT Code of Conduct, Anti-Money Laundering and Counter-Terrorism Policy, Complaints and Breach Reporting Policy Risk Management Plan and Risk Management Policy, Capital Adequacy, Fit and Proper Policy.

Principle 8: Remunerate fairly and responsibly

The remuneration policy objective of IOOF is to ensure that employee emoluments properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest quality and standard.

The level of remuneration of Directors and executives is set out in the Director's report and Notes to the Financial Report. The Board has established a Group Remuneration Committee. A review of compensation arrangements for the Managing Director and executives is conducted annually by the Committee and includes an individual's performance including responsibility for review of market rates for similar positions and the results of the Company during the period.

From time to time, the Board may source external assistance to provide advice.

This statement is dated 1 October 2009.

Working at IOOF

Workplace profile

The merger with AWM and the acquisition of Skandia has extended IOOF's reach to every state in Australia with over 1100 employees. Approximately 95 per cent of employees are located in our Melbourne, Sydney, Hobart and Adelaide offices. The number of Queensland and Western Australian-based employees has increased to strengthen our sales and customer service capacity.

Commitment to balance

At IOOF, we recognise our people make an enormous contribution to our future. To assist them reaching an appropriate balance between work and family we offer a range of programs and services to all employees. Flexible leave options including parental leave, purchasing extra leave to running a workplace health and wellbeing program are all part of ensuring we get the best out of our people. Ensuring the safety and welfare of our employees is a commitment we follow through with Occupational Health and Safety initiatives and a confidential employee assistance program.

Development of our people

Equipping our people with the tools, knowledge and skills to stay competitive is an easy investment in our future success. Promoting career development and self-learning benefits the company through increased productivity and retention of staff. Investment in this area adds to the value proposition of working at IOOF. The larger number of employees in the combined Group has allowed us to leverage in-house skills to deliver tailored programs further enhancing our investment.

All staff are encouraged to set personal development plans with their managers and to undertake training that is appropriate for their role and future career.

A key focus since merging has been on standardising employee benefits company-wide. This will continue into next year.

IOOF and the environment

The efficient use of resources makes good business sense, which is why IOOF is committed to improving our efforts with the environment. We have extended our environmental program across the Group.

In 2009, all IOOF offices continued their participation in Earth Hour, which calls on businesses and individuals to switch off unnecessary lights. IOOF continued to lower our energy and paper usage and AWM's successful recycling program is currently being extended across the IOOF Group.

During the year, AWM moved to off-peak electricity in its Kent Street, Sydney office.

Clients seeking responsible investment options are well served with IOOF. We offer clients the opportunity to invest in a range of socially responsible investment options through our major platforms.

Perennial Investment Partners Limited manages the Socially Responsive Shares Trust offering a portfolio of companies which enact some demonstrable social benefits. IOOF also holds a 19.8% investment stake in Australian Ethical Investments Limited.

Supporting the community

IOOF Foundation

Established as a not for profit organisation in June 2002, at the time of IOOF's demutualisation, the IOOF Foundation recognises the historical origins of IOOF and the important role it has played in the Australian community since 1846.

In keeping with the nature of the support IOOF historically offering the community, the areas the IOOF Foundation now supports are:

- disadvantaged children and youth
- disadvantaged families
- aged care.

The IOOF Foundation has built up tremendous momentum over the past seven years, having now gifted over $5m to over 60 organisations committed to helping those in need.

The end of 2008 saw the IOOF Foundation commence its three year partnership with RecLink Australia to extend their networks throughout Australia, most notably their community choir and football league programs.

RecLink is a not-for-profit charitable organisation dedicated to improving access to sporting and recreational opportunities for disadvantaged people; and helping those people to achieve improved community connectedness, health and well being.

An excellent example of RecLink's work is the highly regarded Community Choir program. With the funding provided by the Foundation a similar choir model will be established in each Australian state and territory, this partnership has already resulted in the establishment of a choir in Hobart and Brisbane.

Additionally, during 2008-09 the IOOF Foundation made grants to support the activities of a number of very worthy Australian organisations. These included:

- The Sunrise Foundation
- St Albans Community Support and Assistance Program Inc
- Odyssey House
- The Infants Home
- Lyrebird Villages for the Aged
- Bass Care.

The IOOF Foundation Board of Trustees will continue to meet regularly to review applications, approve further rounds of grants and to ensure that the Foundation's critical community work is continued into the future.

Financial report for the year ended 30 June 2009

Contents – financial report

Directors' report

Your directors present their report on the consolidated entity ('the Group') consisting of IOOF Holdings Ltd ('the Company') and the entities it controlled at the end of, or during the year ended 30 June 2009 and the auditors report thereon.

Directors

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

Mr I Blair

Ms J Harvey

Mr J Pfeiffer

Dr R Sexton

The following were directors from 30 April 2009 up to the date of this report:

Mr I Griffiths

Mr C Kelaher

Mr G Venardos

The following were directors from the beginning of the financial year until their resignation on 30 April 2009:

Mr R Harper

Mr A Hodges

Mr A Robinson

Ms K Spargo

Principal activities

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

- offering a range of financial products and portfolio administration services including investments, superannuation, immediate and deferred annuities, and investment trusts; and
- providing financial planning and advisory services.

The following significant activities were added to the Group during the year, resulting from the acquisition of the Australian Wealth Management Limited group of companies:

- stockbroking;
- estate planning and administration; and
- trustee services.

Dividends

Dividends paid to members of the Company during the financial year were as follows:

	2009 $'000	**2008 $'000**
Final dividend for the year ended 30 June 2008 of 15 cents (2007 – 18 cents) per ordinary share fully franked at 30% tax rate, paid 9 October 2008.	10,350	12,413
Interim dividend for the year ended 30 June 2009 of nil cents (2008 – 15 cents) per ordinary share fully franked at 30% tax rate.	–	10,350

On 7 July 2009, the Directors declared a special dividend of 13 cents (2008 – nil cents) per ordinary share fully franked at 30% tax rate, paid 31 July 2009. The total special dividend payment amounted to $29,877,000. The financial effect of this special dividend has not been brought to account for the year ended 30 June 2009. It will be reflected within the subsequent financial year.

In addition to the above dividends and since the end of the financial year the directors have recommended the payment of a final dividend of 4 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid in October 2009.

Consolidated results – review of operations

The consolidated net profit for the period attributable to members of IOOF Holdings Ltd, comprising the Company as the parent entity and controlled entities, ('IOOF Group') was $15,847,000 (30 June 2008 : $23,340,000).

The controlled entities include the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The inclusion of the benefit funds has no impact on the net profit for the period attributable to members of IOOF Holdings Ltd. The change in revenue from ordinary activities was attributable to lower distributions from underlying benefit fund investments which were precipitated by a decrease in benefit fund gains. Revenue from shareholder activities, excludes benefit fund revenues, increased by 2.6% on the previous corresponding period. This was largely due to additional revenues from acquired entities. This is discussed in further detail below.

During the year to 30 June 2009, the Group was party to two material acquisitions. The Australian operations of the Old Mutual Group, operating under the brands Skandia and Intech and renamed IOOF Global One ('Global One'), were acquired on 6 March 2009. In addition, the acquisition of Australian Wealth Management Limited ('AWM') was executed by a scheme of arrangement approved by AWM shareholders at a meeting held 22 April 2009. The Supreme Court of Victoria approved the scheme on 29 April 2009 giving it legal effect on 30 April 2009.

The consolidated net profit after tax for the year has been impacted by the acquisition of additional operating entities, inclusion of several revaluation adjustments, the recognition of available-for-sale impairment loss, the recognition of unrealised losses on other financial assets held at fair value through profit or loss, a reduction in the share of associates profits and corporate restructuring costs implemented during the year. Many of these items are detailed below.

The Group's Funds Under Management, Administration and Supervision ('FUMAS') closed at $94.6 billion at 30 June 2009 up from $29.4 billion at 30 June 2008. This significant movement was largely driven by the inclusion of funds acquired from the Old Mutual Group and the Australian Wealth Management Limited Group. A FUMAS of $94.6 billion represents no change when 30 June 2008 funds from these acquired entities are added to the Group's balance for comparative purposes. On this more directly comparable basis, positive net inflows were offset by adverse market movements.

The share of equity profits recognised by the IOOF Group decreased by 31.1% compared to last year largely due to a decline in profitability experienced by Perennial Value Management Limited, the results of which are equity accounted.

During the period, revaluation adjustments were made in respect of commitments contained in shareholder agreements with executives of Perennial subsidiaries. A liability exists under AASB 132 in relation to the IOOF Group's commitment to provide liquidity, under certain circumstances, in the vested shares held by the minority interests in two Perennial subsidiaries (Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd). Accordingly, IOOF has derecognised the minority interest in these companies. At balance date, and as additional shares vest, IOOF is required to recognise movements in this liability. This liability has reduced based on a 30 June 2009 valuation of the underlying subsidiaries, resulting in a net revaluation increase of $6,803,000 (2008: $5,455,000 revaluation decrease and associated goodwill impairment).

The acquisition of Global One and AWM resulted in a number of redundancies, accelerated vesting of share based payments for departing executives, rationalisation of business systems and processes, surplus leased office space and superfluous office equipment. The incurring of these restructuring costs results in a charge of $14,061,000 to the Income Statement.

The acquisition of Global One carried with it an investment in the Intech group. Intech was disposed of on 30 June 2009 with no material impact on the Group's Income Statement.

The Group revised the carrying value of its investment in MacarthurCook Limited to comply with the impairment provisions of AASB 139. This resulted in an impairment charge to the Income Statement of $3,485,000.

Directors' report (cont'd)

In order to disclose the tax expense separately, the profit before tax of $25,862,000 includes an amount equal to the tax benefit of the benefit funds of $5,297,000. This treatment results in disclosure of an effective tax benefit rate of 34.5% (30 June 2008: tax expense 45.1%). The actual tax rate, if the benefit funds are excluded is 18.3% (30 June 2008: 20.5%). The fall in tax rate is a result of various non-assessable items including expenses associated with debt forgiveness costs which eliminate within the Group.

In November 2008, the Company cancelled the on-market share buy-back program announced in February 2008. No shares had been purchased under this program.

Significant change in state of affairs

The following significant changes in the IOOF Group's state of affairs occurred during the year. They are referred to in the financial statements or accompanying notes attached to the financial statements.

In November 2008, the Company cancelled the on-market share buy-back program announced in February 2008. No shares had been purchased under this program.

On 6 March 2009, the Company acquired all the shares of IOOF Global One Limited (formerly Old Mutual Australia Limited) and IOOF Transition 2 Pty Ltd (formerly Old Mutual Australia Holdings Pty Ltd), comprising the former Skandia and Intech businesses operating in Australia.

On 30 April 2009, the Company acquired all the shares of Australian Wealth Management Limited through a scheme of arrangement effected by the issue of one IOOF Holdings Ltd share for every 3.73 shares held in Australian Wealth Management Limited. The merging of these companies creates a leading financial services company, spanning the entire wealth management value chain, with an enhanced distribution network of over 580 aligned financial advisers nationwide.

On 30 June 2009, the Company sold its interest in Intech Pty Ltd from IOOF Transition 2 Pty Ltd (formerly Old Mutual Australia Holdings Pty Ltd), to Morningstar Australasia Limited. This sale comprised the former Intech business acquired in March 2009.

Events occurring after balance sheet date

On 7 July 2009, the Directors declared the payment of a special dividend for 13 cents (2008 – nil cents) per ordinary share fully franked at the rate 30%, payable 31 July 2009. The total special dividend payment amounted to $29,877,000.

In addition to the above dividend, the directors have recommended the payment of a final dividend of 4 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid in October 2009.

On 10 July 2009, IOOF Holdings Limited received $1,483,500 as consideration for the sale of its investment interest in MacArthurCook ('MCK'). This sale followed the off-market take over offer by AIMS Securities Holdings Pty Ltd for the ordinary shares of MCK.

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 2009 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.

Matters subsequent to balance date are set out in Note 46 to the Financial Statements.

Future developments

The Directors are continuing to examine growth strategies to maximise shareholder wealth.

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments to the IOOF Group and the expected results of those operations in subsequent financial years would be likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been included in this report.

Environmental regulation

The IOOF Group is not subject to significant environmental regulation.

Information on directors

Mr I Blair .OAM, MMgt, FCA.

Chairman – Non-Executive Director. Age 62.

Experience and expertise

- Non-Executive Director of IOOF Holdings Ltd since 2002.
- Extensive experience with accounting firm Deloitte Touche Tohmatsu, including five years as CEO of the firm. Active in local government and community organisations and received an Order of Australia Medal in 1987 for services to the community.

Other current directorships

- SAS Trustee Corporation (NSW State Superannuation Fund) (director since 1998).
- Capral Aluminium Ltd (director since 2006).
- Bisley & Company Pty Ltd (Chairman since 1 January 2008).

Special responsibilities

- Group Chairman of IOOF Holdings Ltd since 2005.
- Member of the Remuneration Committee.

Shares in IOOF Holdings Ltd

- 16,372 ordinary shares held directly.
- 8,843 ordinary shares held indirectly.

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

Deputy Chairman – Non-Executive Director. Age 59.

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 privatisations.

Other current directorships

- Chairman of Beston Pacific Asset Management Pty Ltd (director since 2003).
- Chairman of KeyInvest Limited (director since 2007).
- Chairman Thomas Bryson International Limited (director since 2008).
- IBIS World Pty Ltd (director since 1989).
- TWT Limited (director since 2008)

Special responsibilities

- Deputy Chairman of IOOF Holdings Ltd.
- Member of the Remuneration Committee.
- Member of the Audit Committee.

Shares in IOOF Holdings Ltd

- 12,313 ordinary shares held directly.
- 12,526 ordinary shares held indirectly.

Mr I Griffiths C.Acc, DipAll, MIIA.

Executive Director. Age 55.

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. His industry knowledge and skills, particularly in operations and in mergers and acquisitions, was central to the growth of the Australian Wealth Management Limited group.

Former directorships in last three years

- Australian Wealth Management Limited (director from 2006 to 2009).
- Select Managed Funds (director from 1989 to 2006).
- Tasmanian Perpetual Trustees Ltd (director from 2002 to 2006).

Special responsibilities

- Member of Audit Committee from May 2009.
- Member of the Remuneration Committee from May 2009.

Shares in IOOF Holdings Ltd

- 3,387,519 ordinary shares held directly.
- 1,032,026 ordinary shares held indirectly.

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

Independent Non-Executive Director. Age 54.

Experience and expertise

- Non-Executive Director of IOOF Holdings Ltd since 2005.
- Former partner of PricewaterhouseCoopers from 1996 to 2002. Extensive business, finance and general management skills in a range of line management and consulting roles across many industry sectors.

Other current directorships

- Royal Flying Doctor Service (Nat and Vic) (director since 2002).
- Telecommunications Industry Ombudsman (director since 2002).
- Colonial Foundation Trust (director since 2007).
- Medibank Private Limited (director since 2007).

Former directorships in last three years

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

Special responsibilities

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

Shares in IOOF Holdings Ltd

- 6,385 ordinary shares held indirectly.

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

Managing Director. Age 54.

Experience and expertise

- Executive Director of IOOF Holdings Ltd.
- More than 20 years experience in investment management and business development. During his time at Citicorp, Chris was responsible for business management, strategic marketing and sales growth in Australia, and 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 last three years

- Australian Wealth Management Limited (managing director from 2006 to 2009).
- Select Managed Funds (managing director from 1997 to 2006).

Special responsibilities

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

Shares in IOOF Holdings Ltd

- 4,916,415 ordinary shares held indirectly.
- 468,634 Options.

Mr J Pfeiffer BA, LLB.

Independent Non-Executive Director. Age 62.

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.

Other current directorships

- Chairman of Wesley Mission Melbourne Ltd (director since 2001).
- Director of Haileybury Ltd (director from 1982 to 2009).

Former directorships in last three years

- Director of Peter MacCallum Cancer Institute.

Special responsibilities

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

Shares in IOOF Holdings Ltd

- 19,483 ordinary shares held indirectly.

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

Independent Non-Executive Director. Age 51.

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

- Guild Group Holdings Ltd.
- Bluglass Ltd.
- Sunnyfield Association Ltd.

Former directorships in last three years

- 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 Risk and Compliance Committee from May 2009.
- Member of Remuneration Committee from May 2009.

Shares in IOOF Holdings Ltd

- 15,013 ordinary shares held directly.

Company secretaries

Ms Danielle Corcoran was appointed to the position of company secretary from 14 May 2009. Ms Corcoran previously held the position of company secretary of Australian Wealth Management Limited prior to its merger with IOOF, and prior to that she held similar positions with other listed companies. Ms Corcoran is also Head of Human Resources for the Group.

Ms Adrianna Bisogni was Company Secretary from June 2007 until 8 May 2009.

Mr Bill Linehan was Company Secretary from September 2007 until 5 June 2009.

Directors' meetings

The number of Directors' meetings (including Board sub-committee meetings) and the number of meetings attended by each director during the financial year were:

Director	Directors Meetings		Committee Meetings						Subsidiary Meetings
	Meetings held	Meetings attended	Remuneration and Nominations Committee[1]		Audit and Risk Committee[2]		Risk and Compliance Committee[3]		Meetings attended by directors
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(c)
I Blair	18	17	1	1	–	–	–	–	18
R Sexton	18	17	4	2	–	–	–	–	7
I Griffiths	2	2	1	1	–	–	–	–	3
J Harvey	18	18	3	3	6	6	1	1	27
C Kelaher	2	2	–	–	–	–	–	–	4
J Pfeiffer	18	15	–	–	6	4	1	1	21
G Venardos	2	2	1	1	–	–	1	1	3
Directors who departed during or since the end of the financial year:									
A Hodges[4]	16	15	–	–	–	–	–	–	27
R Harper	16	16	–	–	6	3	–	–	–
A Robinson	16	16	–	–	–	–	–	–	28
K Spargo	16	14	3	3	–	–	–	–	2

(a) the number of meetings held during the time the director held office or was a member of the committee.

(b) the number of meetings attended.

(c) the number of regular Board meetings of subsidiary entities attended during the time the director held office.

- not a member of the relevant committee.

(1) The Remuneration and Nomination Committee was reconstituted as the Remuneration Committee, effective May 2009, with the appointed members being R Sexton, I Blair, I Griffiths and G Venardos. While the former Remuneration and Nomination Committee held three committee meetings during the period, the reconstituted Remuneration Committee held one meeting during the financial year.

(2) The Audit and Risk Committee was reconstituted as the Audit Committee, effective May 2009, with the appointed members being J Harvey, J Pfeiffer, I Griffiths and R Sexton. While the former Audit and Risk Committee held six committee meetings during the period, the reconstituted Audit Committee did not meet during the financial year.

(3) The Governance Committee was reconstituted as the Risk and Compliance Committee, effective May 2009 with the appointed members being J Harvey, J Pfeiffer and G Venardos. While the former Governance Committee did not meet, the reconstituted Risk and Compliance Committee met once during the financial year.

(4) As a result of IOOF Holdings Ltd merging with Australian Wealth Management Ltd , Mr Hodges resigned as an Executive Director. Mr Hodges continues to be employed by the group.

Note that in addition to the above regular scheduled meetings, a number of additional meetings were held during the year to address special Board issues. These were attended by all, or the majority of, the Directors but did not constitute a full Board meeting and as such is excluded from the above table. Mr Blair also attended four Audit and Risk Committee meetings as an invited attendee, but not as an appointed member of that committee.

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 secretaries 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 secretaries pursuant to Rule 84. The insurance policy also insures the directors and secretaries 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 willful 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

The purpose of the remuneration report is to set out the remuneration arrangements for Directors, other Key Management Personnel, and named senior executives of the IOOF 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.

Structure of this report

IOOF's 2009 remuneration report is divided into the following sections:

A. Key Management Personnel and Named Senior Executives

B. Impact of merger on remuneration arrangements and disclosures

C. Remuneration policies

D. Executive remuneration arrangements, including Managing Director remuneration

E. Terms of appointment

F. Remuneration of Executive Directors and Named Senior Executives for the year ended 30 June 2009

G. Non-Executive Directors' remuneration

Part A. Key Management Personnel and Named Senior Executives

For the purposes of this report:

- the Key Management Personnel ('KMP') of the IOOF Group are the Directors (both Executive and Non-Executive) and those senior executives reporting to the Managing Director who have authority and responsibility for planning, directing and controlling the activities of the Group set out in the table below.
- 'Senior Executives' are those KMP who are not Directors (both Executive and Non-Executive) and the named senior executives outlined in the table below.

Name	Position
Non-Executive Directors	
Mr Ian Blair	Chairman, IOOF
Ms Jane Harvey	Non-Executive Director, IOOF
Mr James Pfeiffer	Non-Executive Director, IOOF
Dr Roger Sexton	Non-Executive Director, IOOF
Mr George Vernardos	Non-Executive Director (Australian Wealth Management Group to 29 April 2009, IOOF Group from 30 April 2009)
Executive Directors	
Mr Ian Griffiths	Executive Director (Australian Wealth Management Group to 29 April 2009, IOOF from 30 April 2009). Mr Griffiths commences as Non-Executive Director for IOOF from 1 July 2009
Mr Christopher Kelaher	Managing Director (Australian Wealth Management Group to 29 April 2009, IOOF Group from 30 April 2009)
Other Senior Executives	
Mr Stuart Abley	Head of Consultum Financial Advisers
Mr Anthony Hodges	Chief Investment Officer
Mr Renato Mota	General Manager – Investor Solutions
Mr Anthony Patterson	Managing Director – Perennial Investment Partners Limited
Mr David Coulter	Acting Chief Financial Officer from 29 May 2009

Name	Position
Key Management Personnel who joined the group upon the merger with the Australian Wealth Management group, effective 30 April 2009:	
Mr Michael Carter	Head of Wealth Management Division
Mr Jake Jodlowski	General Manager Investments
Mr Andrew McLachlan	CEO Private Client
Key Management Personnel who ceased being a KMP or departed during or since the end of the financial year:	
Mr Antony Robinson	Managing Director, IOOF Group to 30 April 2009
Mr Roderick Harper	Non-Executive Director, IOOF
Ms Kate Spargo	Non-Executive Director, IOOF
Mr John Billington	General Manager – Portfolio Solutions to 3 July 2009
Mr Mark Blackburn	Chief Financial Officer to 8 May 2009
Mr Michael Crivelli (KMP to 30 April 2009)	Executive Chairman - Perennial Investment Partners Limited

For the purpose of this report, the named senior executives of the IOOF Group and IOOF Holdings Ltd, in accordance with section 300A(1)(c) of the *Corporations Act 2001*, are:

Named Senior Executives who departed during or since the end of the financial year:	
Ms Adrianna Bisogni	General Counsel to 8 May 2009
Mr Malcolm Coe	Head of Compliance to 12 June 2009
Mr Bill Linehan	Company Secretary to 5 June 2009
Mr Peter Wallbridge	General Manager Human Resources to 29 May 2009
Mr Gavin Wood	Head of Risk to 12 June 2009

Part B. Impact of merger on remuneration arrangement and disclosures

On 29 April 2009, the Supreme Court of Victoria approved the scheme of arrangement to effect the merger between IOOF Holdings Limited ('IOOF') and Australian Wealth Management Limited ('AWM'). This remuneration report for the year ended 30 June 2009 therefore incorporates disclosures for individuals employed in both organisations during the year.

The remuneration policies and practices of IOOF and AWM differed (to varying degrees) in a number of respects. Discussion and explanation of the remuneration policy, practices and arrangements as they apply to individuals disclosed in this report and previously employed by AWM has therefore also been provided.

Since completion of the merger, the IOOF Board has established a new Remuneration Committee. During the financial year ended 30 June 2009, the Remuneration Committee established a broad framework for the remuneration of the Managing Director (see Part D.5). Since 1 July 2009, the Remuneration Committee has begun the process of reviewing:

- its Terms of Reference; and
- remuneration arrangements of both organisations applying to Executive Directors and Senior Executives (hereafter defined as 'executive remuneration')

with a view to determining the most appropriate approach for IOOF for the financial year ending 30 June 2010.

Remuneration report (cont'd)

While the majority of disclosures within this remuneration report relate to two distinct organisations, the Remuneration Committee wishes to provide information regarding its approach for the current and future financial years (to the extent that decisions have been taken). In particular, the IOOF executive remuneration policy for the financial year ending 30 June 2010 will:

- support and adopt the Australian Prudential Regulation Authority's ('APRA') revised prudential standard covering executive remuneration arrangements ('Prudential Standard LS510: Governance'), once finalised;
- be informed by corporate governance developments and shareholder sentiment;
- utilise structures and practices which are appropriate given anticipated changes in legislation (such as taxation treatment of share-based payments and termination benefits); and
- focus on driving and rewarding performance which is appropriate for IOOF's business and aligned to its strategy for the coming years.

Given the sometimes different approaches adopted by IOOF and AWM prior to the merger, it is anticipated that a certain degree of transition and, in some circumstances, grandfathering of components of executive remuneration arrangements, reward opportunity or contractual terms may be appropriate.

Part C. Remuneration policies

C.1 Role of the Remuneration Committee

The role of the Remuneration Committee is to ensure a coherent reward framework is in place. This framework considers the adequacy of remuneration policy and practices and includes (but is not limited to), determination of Executive Director and Senior Executive remuneration increases and arrangements; remuneration policy and structures applicable to Non-Executive Directors; ensuring that succession planning and development plans are in place for Senior Executives; on-going review and monitoring of short-term and long-term incentive schemes; assessment of Executive Directors' performance against company performance; industrial agreements and the overall compensation arrangements of the Group.

This role was fulfilled by the Remuneration and Nominations Committee at IOOF to 30 April 2009 and by the Group Remuneration and Appointments Committee at AWM to 30 April 2009 and by the Remuneration Committee of the combined entity from 30 April onwards.

More detailed information about the Remuneration Committee is available in the Corporate Governance section of this Annual Report.

C.2 Remuneration policy objectives

The remuneration policies of IOOF and AWM to 30 April 2009, as well as the combined entity, are broadly similar for KMP and other Senior Executives. The common objective of these policies is to attract and retain high calibre talent and to provide both 'fixed' and 'at risk' remuneration arrangements that take into consideration market benchmarks and the pay environment, under the direction of each Company's Remuneration Committee (or equivalent).

The Board (of both IOOF and AWM up to 30 April 2009 and of the combined entity from 30 April 2009) 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.

Part D. Executive remuneration arrangements, including Managing Directors remuneration

The executive remuneration arrangements which applied to the Executive Directors and Senior Executives of both IOOF and AWM during the financial year to 30 June 2009 are summarised below. The executive remuneration arrangements which will apply to Executive Directors and Senior Executives of IOOF for the financial year to 30 June 2010 have also been outlined, to the extent that decisions have been taken.

D.1 Executive remuneration summary

Component	Legacy IOOF to 30 June 2009	Legacy AWM to 30 June 2009	IOOF current and future (unaudited)
Total Fixed Remuneration	Included a combination of base salary, superannuation and other fringe benefits the individual could choose to salary sacrifice (eg superannuation, motor vehicle). Policy was to position fixed remuneration between the median and the 62nd percentile of market benchmark data.	Included salary and statutory superannuation contributions and could include cash or non-cash benefits, such as additional superannuation or motor vehicles. Fixed remuneration was set based on what was appropriate to the position, taking into consideration expertise, accountability, knowledge, experience, job environment, independence and was competitive in the market.	Fixed remuneration will be set at a competitive level against relevant market benchmarks, on the expectation of good performance. A positioning policy is yet to be finalised.
Short Term Incentive ('STI') opportunity	The STI was a cash-based incentive forming part of the Executive's Total Incentive Compensation opportunity, the value of which was tied to the successful achievement of a set of performance scorecard objectives (including financial and strategic objectives) for the annual performance period. For Senior Executives, the STI opportunity was scaled in a range between 25% and 50% of fixed remuneration.	The STI was a cash incentive payment based on pre-determined individual and company performance criteria. For Senior Executives, the STI opportunity was up to 50% of fixed remuneration.	The STI will comprise a cash payment, received after the financial year and performance assessments are complete, and, for selected individuals, a deferred component (see below). STI payments will only be made where challenging targets and superior performance outcomes are achieved. Decisions regarding STI opportunity and key performance indicators ('KPIs') for participants are yet to be finalised.
Deferred STI	For Mr Patterson only, a Deferred Cash-based Incentive Award was provided. Once performance was formally evaluated for the year, 50% was provided as an immediate cash payment and 50% set aside as a deferred cash-based incentive, vesting one year later. The value of the deferred component grew in line with the performance of the Perennial Balanced Wholesale Trust.	No STI deferral arrangements were used.	Deferral of STI payments may form part of an individual's executive remuneration arrangements, based on seniority and influence on corporate performance. In these circumstances, it is anticipated that 50% of the final STI payment will be deferred, possibly into equity, with a view to 50% of the deferred component vesting after one year and the remaining 50% vesting after 2 years. The Board will retain discretion to amend and/or withhold deferred payments, subject to an assessment of compliance, performance or conduct which it considers lessens its original assessment of performance. Final decisions regarding the structure and operation of a possible STI deferral component will be made once anticipated legislation regarding the taxation of equity and APRA Prudential Standard LS510 are finalised.

Remuneration report (cont'd)

Component	Legacy IOOF to 30 June 2009	Legacy AWM to 30 June 2009	IOOF current and future (unaudited)
Long Term Incentive ('LTI') component	Equity based incentives were primarily delivered through the IOOF Executive Performance Share Plan, and, in some circumstances, also by the grant of options over ordinary shares to executives as part of their employment contracts or as determined by the Board. The LTI formed part of the Senior Executive's Total Incentive Compensation opportunity. At the conclusion of the annual performance period, a component of the total incentive compensation award was apportioned to fund an equity allocation. The relevant amount was determined by the Board (for the Managing Director) or the Managing Director and approved by the Board (for other Senior Executives), based on satisfaction of the performance scorecard objectives. The shares that were awarded as the LTI component were subject to the achievement of service and/or performance conditions. Share options were granted to certain Senior Executives as part of their employment contracts. These grants had service-based vesting conditions attached. For Senior Executives, LTI opportunity delivered through the IOOF Executive Performance Share Plan was scaled in a range between 25% and 50% of fixed remuneration.	Executive Directors and Senior Executives were invited to participate in the AWM Share Option Plan established in 2005. Each performance period (1 July to 30 June) the Board considered the granting of options to Executive Directors and Senior Executives within the Group which vested subject to the achievement of performance hurdles.	The Board considers a long-term performance-related incentive component to be an important element of the executive reward framework. It is anticipated that Executive Directors and Senior Executives will be eligible to participate in a new long-term incentive arrangement, to be determined by the Board. Final decisions regarding the structure, reward opportunity and operation of a LTI component will be made once anticipated legislation regarding equity taxation and APRA Prudential Standard LS510 are finalised.
Deferred Share Purchase Plan	Employees (including Executive Directors and Senior Executives) had the opportunity to participate in the IOOF Deferred Share Purchase Plan, which provided a facility to employees to salary sacrifice fixed remuneration or future incentive entitlements to acquire shares. As the purchase was funded by employees' salary sacrifice or incentives provided, no additional expense was recorded by the Company.	No share purchase plan was in place.	A decision is yet to be taken regarding the continued operation of the IOOF Deferred Share Purchase Plan.

D.2 Short-term incentive (STI) arrangements

The STI arrangements in place for Executive Directors and Senior Executives during the financial year ended 30 June 2009 in both IOOF and AWM are outlined below.

IOOF

Executive Directors and Senior Executives were eligible to participate in a cash-based STI program. The performance objectives included in the plan were selected to ensure:

- rigour in financial management, aligning performance with shareholder interest;
- focus on the key strategic initiatives that will facilitate growth; and
- focus on safeguarding of shareholder and client interests and the IOOF brand.

At the conclusion of the performance period, the STI opportunity award was assessed and a cash-based payment funded. Payments were subject to the financial performance of the organisation and individual performance relative to pre-agreed objectives, set out in an executive performance scorecard.

Scorecard elements included:

- a Group financial objective;
- a profit objective related to the relevant business unit; and
- key strategic objectives related to the executive's function and business priorities.

The scorecard methodology provided that for each 1% 'above plan' an additional 2.5% of the 'on plan' incentive opportunity would apply, capped at an additional 25% (which would apply where the result was 110% of Plan). This premium recognised that performance in excess of 100% of the plan warranted moderate reward but higher levels of results more substantial recognition. This methodology applied only to that component of the incentive compensation that was tied to the group and business unit financial components of the scorecard (50% in total).

At the end of the performance period, the Managing Director assessed the extent to which the scorecard objectives were met, and recommended to the Board the amount of the Total Incentive Compensation Award to be made to the Senior Executive. The extent to which the scorecard objectives were met by Executive Directors was assessed by the Board.

AWM

Executive Directors and Senior Executives were eligible to participate in a cash-based STI program. The plan was linked to the achievement of short and long-term company goals to protect and increase the interests of shareholders and to encourage the individual performance of participants.

Payments were subject to the achievement of both individual performance objectives (potential to receive up to 10% of fixed remuneration for this component) and company objectives (up to 40% of fixed remuneration). Individual performance objectives were agreed between the relevant Senior Executive and the Managing Director (or the Executive Director and the Board as appropriate), and the company objectives included a pre-determined Net Profit After Tax (NPAT) target set by the Group Remuneration and Appointments Committee for each relevant performance period.

D.3 Long-term incentive (LTI) arrangements

The LTI arrangements in place for Executive Directors and Senior Executives during the financial year ended 30 June 2009 in both IOOF and AWM are outlined below.

IOOF

Executive Directors and Senior Executives were eligible to participate in the IOOF Executive Performance Share Plan, under which awards of performance shares and options were made. Awards generally vested after a three-year period, subject to either achievement of pre-determined performance hurdles and/or continued employment.

Details of LTI grants made to the Managing Director are detailed in Part D.5 'Managing Director Remuneration'.

Remuneration report (cont'd)

FY09, FY08 and FY07 LTI allocations of performance shares to all Senior Executives other than Mr Robinson and Mr Billington (refer to Part F for details) had time-based vesting conditions. No additional performance conditions were attached as performance objectives had to be achieved prior to eligibility.

FY06 LTI allocations of performance shares to Senior Executives were subject to the achievement of three performance conditions:

- 60% based on relative TSR;
- 20% based on Cash Earnings Per Share ('Cash EPS'); and
- 20% based on Return on Capital Employed ('ROCE').

On the event of the merger with AWM, under the terms of the LTI awards, any performance-related conditions were deemed to be waived, although time-based vesting conditions remained. Further, where the individual's employment ceases within 12 months of the merger for reasons other than resignation or misconduct, 75% of LTI awards which were previously subject to performance-based conditions will vest, and 100% of LTI awards subject to time-based conditions will vest.

AWM

Executive Directors and Senior Executives were eligible to participate in the AWM Share Option Plan, under which share options were granted. Options vested over a three year period, subject to the achievement of performance hurdles determined by the Board for each allocation.

Details of LTI grants made to the Managing Director are detailed in Part D.5 'Managing Director Remuneration'.

The performance hurdles and vesting arrangements under all grants (including those made during the financial year ended 30 June 2009) were:

- 50% of options vested if the company's TSR was positive relative to the TSR of a comparator group of ASX-listed companies as determined by the Board (ie AWM's TSR needed to sit within the top quartile and be positive); and
- 50% of options vested if the company's NPAT result was in excess of the approved budget for each period and exceeded the prior year result by at least 15% after adjustment for acquisitions.

On the event of the merger with IOOF, existing options were cancelled (as outlined in the Scheme Booklet) and options over IOOF shares were offered to the option holders. The performance hurdles were waived, such that the new options are subject to time-based vesting only over the same term as applied to the original option grant.

D.4 Hedging of unvested securities

The IOOF Securities and Insider Trading Policy contained 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 were provided with a copy of this policy and were required to provide annual certification that they have complied. Failure to comply with the policy could result in disciplinary action, including forfeiture of the securities, suspension or termination of employment.

AWM operated a similar policy in relation to hedging of unvested securities held by Executive Directors and Senior Executives during the period.

D.5. Managing Director remuneration

C Kelaher, Managing Director – AWM to 30 April 2009, and IOOF Holdings from 30 April 2009

Terms of appointment

Mr Kelaher is employed under an unlimited duration service agreement. Under that agreement, Mr Kelaher received fixed remuneration (subject to review annually by the Board), a short-term incentive component, and an equity-based long-term incentive component, as discussed below. 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 was 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 was set by the Board and is based on a market review of the level of remuneration required to attract and retain a high calibre incumbent suitable for the role. During the financial year ended 30 June 2009, Mr Kelaher received a remuneration package comprising fixed remuneration ($830,000 – $130,000 of which is included in his remuneration from the IOOF Group as detailed within table F.1), a short-term incentive (cash-based) and a long-term incentive (equity-based).

The proportion of total remuneration that was 'at risk' was directly linked to the Managing Director's role and influence over Company performance.

STI

For the financial year ended 30 June 2009, total STI opportunity was up to $780,000 comprising both corporate and individual performance components. In determining the value of STI earned by the Managing Director, the Board considered the two major components of the STI, being individual KPIs set for the year (maximum of 40% of STI opportunity) and the corporate performance of AWM (maximum 60% of STI opportunity). The Board determined that, based on AWM's overall corporate performance and in the context of the current economic climate, payment in relation to the corporate performance component would not be appropriate. A bonus allocation of $170,000 ($28,333 of which is included in his remuneration from the IOOF Group as detailed within table F.1) was determined as appropriate in relation to the individual performance component (approximately 55% of the maximum 40% available), reflecting strong individual performance and a number of KPIs that were achieved.

LTI

At the AWM 2007 Annual General Meeting ('AGM'), shareholders approved the allocation of options to Mr Kelaher in the event that certain KPIs in relation to acquisitions were met. As a result of the merger agreement between IOOF and AWM, it was determined that these options could not practically be granted. However, the Board considered that the KPIs established had in fact been met, reflecting the superior performance required from Mr Kelaher in order to receive the grant. This assessment was made in consequence of the successful IOOF/AWM merger and the acquisition of Skandia Australia. In light of this performance and the prior shareholder approval received in relation to the proposed grant, the Board determined that a cash bonus of $450,000 be awarded to compensate for the inability to grant the options (the value of the award of share options approved by shareholders being up to $500,000). This amount was paid in respect of his performance pre the merging of IOOF and AWM and is not included in his IOOF remuneration as detailed in table F.1.

No other LTI award was granted to Mr Kelaher during the financial year ended 30 June 2009.

Remuneration report (cont'd)

Terms of appointment and remuneration for the financial year ending 30 June 2010

The terms and conditions of Mr Kelaher's contract of employment as Managing Director of IOOF are currently being reviewed by the Board and will be released to the market once finalised.

As a first step in this review, Mr Kelaher's remuneration for the year ending 30 June 2010 was considered by the Remuneration Committee and has been agreed as follows:

Mr Kelaher will be entitled to receive the same combined fixed remuneration and STI opportunity as he received during the financial year ended 30 June 2009, being $1,610,000. However, the mix of fixed remuneration and STI opportunity will be apportioned differently to reflect the remuneration approach objectives outlined in Part D.1, such that Mr Kelaher will receive:

- fixed remuneration of $950,000; and
- STI opportunity of up to a maximum of $660,000 (including any deferred component, once decisions can be made as to the most appropriate structure to support the deferral).

As noted in Part D.1 above, the Remuneration Committee considers a long-term performance-related incentive component to be an important element of the executive reward framework. However, no decisions have been made to date regarding Mr Kelaher's level of participation in, or the structure of, LTI arrangements for the year ending 30 June 2010. It is anticipated that, once decisions have been taken, proposals relating to the form and details of the desired LTI arrangement will be announced and submitted to shareholders for consideration and approval at the 2009 AGM.

A Robinson, Managing Director – IOOF Holdings to 30 April 2009

During the financial year ended 30 June 2009, Mr Robinson received a remuneration package comprising fixed remuneration ($500,000), a short-term incentive (cash-based) and a long-term incentive (equity-based).

STI

For the financial year ended 30 June 2009, Mr Robinson's STI opportunity comprised a financial and individual performance component (with maximum opportunity of $500,000) and a strategic targets component (again with a maximum opportunity of $500,000) set by the Board. In determining the value of STI earned by Mr Robinson, the Remuneration Committee considered the KPIs set for the year, Mr Robinson's involvement in both the merger between IOOF and AWM and the acquisition of Skandia Australia and Intech Investments as well as the corporate performance of IOOF. Bonus allocations of $450,000 in relation to the financial and individual performance component and a further $450,000 in relation to the strategic targets component were determined as appropriate in light of performance achieved.

LTI

Mr Robinson was granted performance shares and options on 13 November 2007 pursuant to shareholder approval granted at the Annual General Meeting, and vesting of which was to be subject to specific performance conditions.

a) Performance shares

Fifty thousand (50,000) performance shares were allotted for each of the 2008, 2009 and 2010 financial years, performance tested from 1 July 2007 to 30 June 2010, 1 July 2008 to 30 June 2011, and 1 July 2009 to 30 June 2012, respectively. The vesting of performance shares was subject to performance conditions relating to the Company's TSR over the performance period compared to the TSR performance of a comparator group comprising organisations with the same underlying business drivers and facing similar growth opportunities and challenges as IOOF. The peer group comprised AMP Ltd, AXA Asia Pacific Holdings Ltd, Challenger Financial Services Group Ltd, Count Financial Limited, Hunter Hall International Ltd, Over Fifty Group Ltd, Perpetual Ltd, Tower Ltd, Treasury Group Ltd, Trust Company Ltd, and WHK Ltd. The percentage of performance shares that would vest depended on the TSR ranking achieved by IOOF as follows:

- For TSR growth percentile ranking below the 50th percentile, 0% of performance shares would vest.

- For TSR growth percentile ranking between the 50th percentile and 75th percentile, 50% of performance shares would vest, plus 2% of shares for each 1% increase in TSR ranking.
- For TSR growth percentile ranking at or above the 75th percentile, 100% of performance shares would vest.

The fair value of the performance shares at grant date was $3.96. This fair value reflects the market-based vesting conditions that applied to these performance shares.

Under the terms of the IOOF Executive Performance Share Plan, the three tranches of performance shares vested automatically in the event of the merger.

b) Options

Six hundred and seventy-five thousand (675,000) options were also granted, divided into three equal tranches tested from 1 July 2007 to 30 June 2010, 1 July 2007 to 30 June 2011 and 1 July 2007 to 30 June 2012, respectively. The vesting of options was to be subject to absolute growth in the Company's underlying earnings per share ('UEPS') over the performance period. Zero percent (0%) of the options would vest if during the relevant performance period the Company failed to achieve absolute growth in UEPS of 10% or more. One hundred percent (100%) of the relevant tranche of options would vest if during the relevant performance period the Company achieved absolute average annual growth in UEPS of 10% or more. Any options which did not vest would lapse and would not be re-tested. The exercise price of the options was set at $9.89, being the Company's average share price on the ASX over the four (4) trading days following the announcement of Mr Robinson's appointment. Vested options were to be exercised in the 2 (two) year period following the vesting date for the relevant tranche, and would expire if not exercised during this period. The fair value of options at grant date was, $1.96, $2.21 and $2.41 for tranches 1, 2, and 3 respectively.

Treatment of LTI awards on merger

As previously reported to the market on 16 February 2009, the terms under which the three tranches of options had been granted to Mr Robinson as contained within the 2007 AGM Notice of Meeting contained an error relating to the timing and determination of the performance hurdle – stating that the options would lapse if the UEPS growth hurdle was not met in any of the years within the performance period, rather than on the cumulative basis that had been the Board's intention. As a result of this interpretation, all three tranches were judged to have lapsed as the hurdle was considered not to have been met in the first year after grant. As communicated to the market on 16 February 2009, the IOOF Board determined that, should the merger proceed, all three tranches of the options should have vested, and pursuant to this, that further shareholder approval will be sought at the 2009 AGM to grant replacement options to Mr Robinson. If granted, the options will vest immediately and become exerciseable. The exercise price of $9.89 will remain unchanged, and the options must be exercised within two years of the date of vesting.

This proposal has been made to place Mr Robinson in the same position as he would have been in, had the drafting mistake in the 2007 AGM Notice of Meeting not been made.

Termination arrangements

In accordance with the terms and conditions of his contract and IOOF's policy on redundancy, Mr Robinson also received a termination payment of $500,000, equal to twelve (12) months' fixed remuneration.

Remuneration report (cont'd)

Part E. Terms of appointment

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	Employing Company	Term	Notice period and termination provisions/ benefits applying during the financial year ending 30 June 2009
C Kelaher	Australian Wealth Management	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.
I Griffiths	Australian Wealth Management	In transition (see details)	While in the role of Executive Director of AWM, Mr Griffiths was entitled to 24 months' notice given by the Company and 3 months' notice by Mr Griffiths. As a result of the announcement on the 28 July 2008 of Mr Griffith's transition to the role of Non-Executive Director from 1 July 2009, existing leave entitlements were paid out in full and future employee entitlements including leave provisions, bonuses and options (including those approved at the 2008 AGM with grant dates of 1 July 2008 and 1 July 2009) were forgone. Mr Griffiths also surrendered his entitlement to a two-year termination payment. During this time, the Board determined that Mr Griffiths would receive a consultancy fee which ceased once the transition was complete (being 1 July 2009).
S Abley	IOOF Services Pty Ltd	Ongoing	The Company may terminate the contract (other than in the case of redundancy) by giving 5 months notice (or payment in lieu, calculated on fixed remuneration). In the case of redundancy, the Senior Staff Redundancy Policy applies.
A Hodges	IOOF Services Pty Ltd	Ongoing	The Company may terminate the contract for unsatisfactory performance by giving 5 months notice. In the case of redundancy, IOOF Holdings Ltd Board will agree the terms with Mr Hodges.
R Mota	IOOF Services Pty Ltd	Ongoing	The Company may terminate the contract for unsatisfactory performance or prolonged absence on medical grounds by giving 4 months notice or at any time by giving 7 months notice (or payment in lieu, calculated on fixed remuneration). In the case of redundancy, the Senior Staff Redundancy Policy applies.
A Patterson	Perennial Investment Partners Limited	Ongoing	If at any time prior to 30 June 2009 the Company terminates Mr Patterson's employment on any basis other than fraud, death, bankruptcy or permanent disability, or if a change of control of the Company occurs, Mr Patterson can choose to have the deferred payment, pursuant to the Share Sale and Purchase Agreement to which he is a party, paid to him within 30 business days. Mr Patterson will also be paid accrued monies or benefits to which Mr Patterson is entitled on the termination date and statutory entitlements. Further, other than in the case of serious breach of the Executive Service Agreement where no notice of termination would be provided, the Company may terminate the contract by paying a sum calculated by reference to the Senior Staff Redundancy Policy.

Executive	Employing Company	Term	Notice period and termination provisions/ benefits applying during the financial year ending 30 June 2009
D Coulter	IOOF Services Pty Holdings Ltd	Ongoing	The Company may terminate the contract for unsatisfactory performance or prolonged absence on medical grounds by giving 4 months notice or at any time by giving 6 months notice (or payment in lieu, calculated on fixed remuneration). In the case of redundancy, the Senior Staff Redundancy Policy applies.
M Carter	Australian Wealth Management	Ongoing	The Company may terminate Mr Carter's employment with 1 months' notice. Mr Carter may terminate his employment with 1 months' notice.
J Jodlowski	Australian Wealth Management	Ongoing	The Company may terminate Mr Jodlowski's employment with 12 months' notice. Mr Jodlowski may terminate his employment with 3 months' notice.
A McLachlan	Australian Wealth Management	Ongoing	The Company may terminate Mr McLachlan's employment with 3 months' notice. Mr McLachlan may terminate his employment with 3 months' notice.

Part F. Remuneration of Executive Directors and Named Senior Executives for the year ended 30 June 2009

Termination payments made to departing executives as a result of the merger

The executive teams at both IOOF and AWM recognised the synergies that would be available as a result of the decision to merge. It was also acknowledged that these synergies would include a reduction in staff members, particularly at the senior level where the executive teams were combined. A number of individuals remained with their respective organisation from the date of announcement of the merger until completion to ensure that the transaction was a success, despite it being unlikely that there would be a position for them in the merged entity. A decision was therefore taken by both IOOF and AWM that pre-existing contractual arrangements relating to termination would be honoured, as well as the company's policies in relation to redundancy followed. The Remuneration and Appointments Committee and the Board considered these to be true redundancies of individuals who performed well during the period in question.

IOOF Senior Staff Redundancy Policy ('Original IOOF Policy')

The Original IOOF Policy has been discontinued for a number of years. However, on updating the Original IOOF Policy, it was necessary to grandfather the contractual provisions of a number of individuals, some of whom remained employed by IOOF.

The Original IOOF Policy stated that, in the event of a bona fide redundancy, termination entitlements were calculated based on a schedule of 'total remuneration' received, such that:

- the notice period due (or payment in lieu of notice) was set at three (3), four (4) or five (5) months;
- severance payments were also due, at a rate of three (3) weeks' total remuneration per year of service completed; and
- a ceiling on the total value of the redundancy package received was set at fifty two (52) weeks' total remuneration.

For the purpose of the IOOF Policy, 'total remuneration' was defined as the fixed remuneration at the time of termination, plus (if applicable) an annualised average of any STI or LTI or other incentive awards provided over the previous three (3) years.

The following individuals disclosed in the Remuneration Table below received payments under this Original IOOF Policy:

Senior Executive	Termination benefits
A Bisogni	$525,071
M Blackburn	$585,024
M Coe	$110,320
P Wallbridge	$608,613
G Wood	$107,844

Remuneration report (cont'd)

Part F1. Remuneration table

The following table set out the remuneration received by executive directors, other KMP, and named senior executives for the financial year ended 30 June 2009 and the comparative year.

Key Management Personnel and Named Senior Executives		Short-term Benefits			
		Salary(1)	Bonus(2)	Non-monetary benefits(3)	Total
Name		**$**	**$**	**$**	**$**
Executive Director					
C Kelaher (from 30 April 2009)	2009	120,000	28,333	–	148,333
I Griffiths (from 30 April 2009)	2009	41,667	–	–	41,667
Other Key Management Personnel					
S Abley	2009	237,152	38,773	27,802	303,727
	2008	204,810	60,000	19,688	284,498
D Coulter (from 29 May 2009)	2009	19,615	814	1,942	22,371
A Hodges (Director to 30 April 2009)	2009	229,210	41,232	46,826	317,268
	2008	222,406	85,000	24,603	332,009
R Mota	2009	293,167	28,716	–	321,883
	2008	223,376	64,000	–	287,376
A Patterson	^2009	569,644	501,443	8,910	1,079,997
	^2008	620,415	629,810	13,700	1,263,925
Key Management Personnel who joined the group upon the merger with the Australian Wealth Management group, effective 30 April 2009:					
M Carter	2009	41,667	5,000	1,586	48,253
J Jodlowski	2009	33,639	2,500	–	36,139
A McLachlan	2009	39,029	–	–	39,029
Key Management Personnel and Named Senior Executives who ceased being a KMP, departed the Group during either reporting periods or since the end of this financial year:					
J Billington (to 1 July 2009)	^2009	413,211	72,187	106,403	591,801
	^2008	427,816	158,016	116,889	702,721
A Bisogni (to 8 May 2009)	^#2009	256,879	84,423	–	341,302
	#2008	266,683	77,000	–	343,683
M Blackburn (to 8 May 2009)	^#2009	313,885	121,481	–	435,366
	^#2008	319,835	115,000	–	434,835
M Crivelli (KMP to 30 April 2009)	2009	152,905	–	3,860	156,765
	2008	174,363	–	951	175,314
M Coe (to 12 June 2009)	#2009	156,833	6,825	–	163,658
	#2008	136,076	12,900	–	148,976

Post Employment Benefits	Termination Benefits	Other Long-term Benefit [5]	Share Based Payments [6]		Total
Superannuation [4]			Options	Shares	
$	$	$	$	$	$
10,000	–	–	285,093	–	443,426
–	–	–	9,008	–	50,675
26,212	–	–	–	70,312	400,251
21,620	–	–	–	55,031	361,149
1,767	–	–	–	–	24,138
20,230	–	22,657	–	272,162	632,317
18,453	–	78,428	–	261,067	689,957
29,758	–	–	–	77,757	429,398
49,090	–	–	–	46,549	383,015
49,997	–	231,159	–	–	1,361,153
13,129	–	443,910	–	–	1,720,964
4,167	–	–	7,721	–	60,141
3,028	–	–	16,292	–	55,459
4,305	–	–	16,292	–	59,626
13,746	–	–	273,886	545,711	1,425,144
13,129	–	–	10,715	10,714	737,279
21,975	525,071	(29,062)	–	690,300	1,549,586
24,271	–	29,062	–	216,867	613,883
99,941	585,024	–	–	1,005,766	2,126,097
100,000	–	–	–	301,772	836,607
13,761	–	9,309	–		179,835
14,767	–	17,023	–	–	207,104
22,993	110,320	–	–	–	296,971
20,618	–	–	–	–	169,594

Remuneration report (cont'd)

Key Management Personnel and Named Senior Executives		Short-term Benefits			
		Salary(1)	Bonus(2)	Non-monetary benefits(3)	Total
Name		$	$	$	$
B Linehan (to 5 June 2009)	#2009	168,921	5,000	–	173,921
	#2008	137,364	–	–	137,364
A Robinson(7) (to 30 April 2009)	2009	462,811	975,000	9,017	1,446,828
	2008	452,265	450,000	6,026	908,291
M Stephen (to 14 March 2008)	^2008	202,751	–	3,467	206,218
P Wallbridge (to 29 May 2009)	^2009	233,691	79,202	22,221	335,114
	^2008	293,567	72,500	–	366,067
G Wood (to 12 June 2009)	#2009	168,468	10,000	–	178,468
	#2008	167,571	15,000	–	182,571

(1) 'Salary' amount includes accruals for annual leave.

(2) The bonus reflects amounts provided under the short-term incentive program in relation to the financial year. This incentive payment amount for 2008/9 has been communicated to participants. The expected payment value of the bonuses is the amount shown. The minimum value of the bonuses, had the performance hurdles not been met, would have been zero.

(3) Non-monetary benefits include Fringe Benefit Tax paid and the value of other non-monetary benefits.

(4) Superannuation includes salary and performance incentives sacrificed into superannuation funds.

(5) Other Long-term benefits includes accruals for long service leave, and long term incentives of $200,000 (2008: $428,000) accruing to Mr Patterson. The total accrued balance for the long term incentives awarded to Mr Patterson was $702,900 at 30 June 2009, and the vesting date 1 July 2009.

(6) Equity compensation includes salary and performance incentives sacrificed into the Deferred Share Purchase Plan, accruals in relation to the Executive Performance Share Plan, and accruals in relation to other grants of shares and options over shares in IOOF Holdings Ltd. The value of the number of shares and options expected to vest has been apportioned over the term from grant date to vesting date. The grant dates for shares allocated under the Executive Performance Share Plan were 1 December 2005, 1 December 2006, 1 December 2007 and 1 December 2008.

(7) Mr Robinson's remuneration in relation to share options amounting to $521,813 in 2008 has been reversed in 2009 upon the forfeiture of those options, on the basis that the non market-based performance hurdles had not been met. The Board intends to replace these options, subject to shareholder approval as outlined in Part D.5 of the Remuneration Report.

Amounts are shown in accordance with the *Corporations Act 2001* where the senior executive is amongst the five highest paid executives of the Group and/or Company.

^ denotes one of the five highest paid executives of the Group, as required to be disclosed under the *Corporations Act 2001*.

# denotes one of the five highest paid executives of IOOF Holdings Ltd, as required to be disclosed under the *Corporations Act 2001*.

Post Employment Benefits	Termination Benefits	Other Long-term Benefit[5]	Share Based Payments[6]		Total
Superannuation[4]			Options	Shares	
$	$	$	$	$	$
13,182	–	–	–	–	187,103
12,015	–	–	–	–	149,379
50,000	500,000	–	(521,813)	528,000	2,003,015
50,000	–	–	521,813	66,000	1,546,104
16,324	468,333	(11,778)	–	237,477	916,574
28,403	608,613	–	–	190,222	1,162,352
23,532	–	27,099	–	383,309	800,007
13,172	107,844	–	–	–	299,484
13,129	–	–	–	–	195,700

Remuneration report (cont'd)

F.2 Remuneration components as a percentage of total remuneration

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Remuneration components (based on annualised amounts)						
Name	Fixed		Total Incentive Compensation Award		Total Remuneration	
	%		%		%	
	2009	2008	2009	2008	2009	2008
C Kelaher	45	–	55	–	100	–
A Hodges	53	52	47	48	100	100
S Abley	75	82	25	18	100	100
M Carter	77	–	23	–	100	–
D Coulter	95	–	5	–	100	–
I Griffiths	100	–	–	–	100	–
J Jodlowski	86	–	14	–	100	–
A McLachlan	92	–	8	–	100	–
R Mota	69	61	31	39	100	100
A Patterson	41	62	59	38	100	100
Key Management Personnel and Senior Executives who ceased being a KMP or departed during or since the end of the financial year:						
A Bisogni	55	61	45	39	100	100
M Blackburn	50	58	50	42	100	100
J Billington	86	65	14	35	100	100
M Crivelli (KMP to 30 April 2009)	100	100	–	–	100	100
B Linehan	97	100	3	–	100	100
M Coe	96	92	4	8	100	100
A Robinson	29	53	71	47	100	100
M Stephen	–	74	–	26	–	100
P Wallbridge	76	80	24	20	100	100
G Wood	95	92	5	8	100	100

F.3 Share option component of remuneration

Name	Remuneration Consisting of Options[1]		Value at Grant Date[2]	
	%		$	
	2009	**2008**	**2009**	**2008**
C Kelaher	64	–	347,255[3]	–
M Carter	13	–	37,352[3]	–
I Griffiths	18	–	–	–
J Jodlowski	29	–	14,941[3]	–
A McLachlan	27	–	14,941[3]	–
Key Management Personnel who departed during or since the end of the financial year:				
A Robinson	(26)	34	–	1,480,500
J Billington	19	1	181,425	375,000

(1) The percentage of the value of remuneration consisting of options, based on the value of the options expensed during the current 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.

(3) The value of options granted on 1 July 2008 by Australian Wealth Management Ltd and replaced by options in IOOF Holdings Ltd following the business combination on 30 April 2009.

Further details of share options granted during the year are provided at Part D Executive Remuneration Arrangements. No options have vested to date (IOOF executives), and hence no shares have been issued on exercise of options.

Remuneration report (cont'd)

F.4 Cash bonus and LTI equity allocations

The following table sets out the cash bonus and LTI equity allocation awarded or forfeited in respect of the financial year.

Name	Cash		LTI	
	Paid	Forfeited	Awarded	Forfeited
	%	%	%	%
C Kelaher	22	78	100	–
A Hodges	50	50	88	12
S Abley	50	50	88	12
M Carter	22	78	100	–
D Coulter	50	50	–	–
I Griffiths	–	–	–	–
J Jodlowski	14	86	100	–
A McLachlan	–	100	100	–
R Mota	50	50	88	12
A Patterson	50	50	100	–
Key Management Personnel and Senior Executives who ceased being a KMP or departed during or since the end of the financial year:				
J Billington	50	50	–	–
A Bisogni	88	12	88	12
M Blackburn	88	12	88	12
M Coe	50	50	–	–
M Crivelli (KMP to 30 April 2009)	–	–	–	–
B Linehan	50	50	–	–
A Robinson	90	10	100	–
P Wallbridge	50	50	–	–
G Wood	50	50	–	–

F.5 Unvested Shareholdings – number and value of shares

Key Management Personnel and Named Senior Executives								
Name	**Grant date**	**Issue Price**	**Vesting Date[1]**	**Unvested at 30 June 2008**	**Granted**	**Forfeited**	**Vested[2]**	**Unvested at 30 June 2009**
Key Management Personnel								
S Abley	Nov-06	$10.53	Oct-09	6,409	–	–	–	6,409
			Total Value	**$67,487**	**–**	**–**	**–**	**$67,487**
A Hodges	Nov-04	$8.65	Oct-07	3,982	–	–	(3,982)	–
	Nov-05	$7.42	Oct-08	34,376	–	–	(34,376)	–
	Nov-06	$10.53	Oct-09	26,085	–	–	–	26,085
	Nov-07	$8.70	Oct-10	34,130	–	–	–	34,130
	Nov-08	$3.17	Oct-11	–	47,651	–	–	47,651
			Total Value	**$861,120**	**$151,054**	**–**	**($289,514)**	**$722,660**
R Mota	Nov-05	$7.42	Oct-08	6,066	–	–	(6,066)	–
	Nov-06	$10.53	Oct-09	6,210	–	–	–	6,210
	Nov-07	$8.70	Oct-10	14,657	–	–	–	14,657
	Nov-08	$3.17	Oct-11	–	30,497	–	–	30,497
			Total Value	**$237,917**	**$96,675**	**–**	**($45,010)**	**$289,583**
Key Management Personnel and named senior executives who have departed during or since the end of the financial year:								
J Billington	Jul-08	$4.95	Jul-11	–	19,060	–	–	19,060
	Apr-09	$4.95	Jul-11	–	47,651	–	–	47,651
	Jul-08	$4.74	Jul-12	–	47,651	–	–	47,651
			Total Value	**$0**	**$556,085**	**–**	**–**	**$556,085**
A Bisogni	Nov-04	$8.65	Oct-07	3,162	–	–	(3,162)	–
	Nov-05	$7.42	Oct-08	28,815	–	–	(28,815)	–
	Nov-06	$10.53	Oct-09	22,208	–	–	(22,208)	–
	Nov-07	$8.70	Oct-10	25,009	–	–	(25,009)	–
	Nov-08	$3.17	Oct-11	–	39,074	–	(39,074)	–
	Apr-09	$3.68	May-09	–	42,254	–	(42,254)	–
			Total Value	**$692,587**	**$279,359**	**–**	**($971,946)**	**$0**
M Blackburn	Nov-04	$8.65	Oct-07	5,670	–	–	(5,670)	–
	Nov-05	$7.42	Oct-08	38,420	–	–	(38,420)	–
	Nov-06	$10.53	Oct-09	28,726	–	–	(28,726)	–
	Nov-07	$8.70	Oct-10	38,600	–	–	(38,600)	–
	Nov-08	$3.17	Oct-11	–	58,769	–	(58,769)	–
	Apr-09	$3.68	May-09	–	63,716	–	(63,716)	–
			Total Value	**$972,427**	**$420,773**	**–**	**($1,393,199)**	**$0**

Remuneration report (cont'd)

Key Management Personnel and Named Senior Executives								
Name	Grant date	Issue Price	Vesting Date[(1)]	Unvested at 30 June 2008	Granted	Forfeited	Vested[(2)]	Unvested at 30 June 2009
A Robinson	Nov-07	$3.96	Oct-10	50,000	100,000	–	(150,000)	–
			Total Value	**$198,000**	**$396,000**	**–**	**($594,000)**	**$0**
P Wallbridge	Nov-04	$8.65	Oct-07	3,045	–	–	(3,045)	–
	Nov-05	$7.42	Oct-08	27,298	–	–	(27,298)	–
	Nov-06	$10.53	Oct-09	19,379	–	–	(19,379)	–
	Nov-07	$8.70	Oct-10	23,133	–	–	(23,133)	–
			Total Value	**$634,208**	**–**	**–**	**($634,208)**	**$0**

(1) Vesting dates in relation to shares granted under the Executive Performance Share Plan represent the earliest date shares can vest according to service conditions.

(2) Includes the accelerated vesting of shares upon the merger with Australian Wealth Management Limited, or upon the termination of employment of the executive.

F.6 Unvested options

Key Management Personnel and Named Senior Executives										
Name	Series	Original AWM Grant Date	Vesting Date	Exercise Price	Expiry Date	Options unvested at 30 June 2008	Replaced upon merger with AWM on 30 April 2009[(1)]	Forfeited	Vested[(2)]	Options unvested at 30 June 2009
Key Management Personnel										
M Carter	10	Mar-07	Mar-08	$9.70	Mar-11	–	6,703	–	(6,703)	–
	12	Sep-07	Sep-08	$9.36	Jun-13	–	5,362	–	(5,362)	–
	12	Sep-07	Sep-09	$9.36	Jun-13	–	4,021	–	–	4,021
	12	Sep-07	Sep-10	$9.36	Jun-13	–	4,022	–	–	4,022
	16	Jul-08	Jun-09	$6.34	Jul-12	–	67,025	–	(67,025)	–
	16	Jul-08	Jun-10	$6.34	Jul-12	–	67,024	–	–	67,024
					Total	**–**	**154,157**	**–**	**(79,090)**	**75,067**
I Griffiths	14	Nov-07	Nov-08	$10.00	Nov-12	–	22,341	–	(22,341)[(4)]	–
	14	Nov-07	Nov-09	$10.00	Nov-12	–	22,342	–	–	22,342
	14	Nov-07	Nov-10	$10.00	Nov-12	–	22,342	–	–	22,342
					Total	**–**	**67,025**	**–**	**(22,341)**	**44,684**
J Jodlowski	9	Jan-07	Jan-08	$9.18	Jan-11	–	40,215	–	(40,215)	–
	11	Sep-07	Jun-08	$9.36	Jun-13	–	21,447	–	(21,447)[(3)]	–
	11	Sep-07	Jun-09	$9.36	Jun-13	–	16,086	–	(16,086)[(3)]	–

Key Management Personnel and Named Senior Executives										
Name	**Series**	**Original AWM Grant Date**	**Vesting Date**	**Exercise Price**	**Expiry Date**	**Options unvested at 30 June 2008**	**Replaced upon merger with AWM on 30 April 2009[1]**	**Forfeited**	**Vested[2]**	**Options unvested at 30 June 2009**
J Jodlowski	11	Sep-07	Jun-10	$9.36	Jun-13	–	16,086	–	–	16,086
(cont'd)	16	Jul-08	Jun-09	$6.34	Jul-12	–	26,810	–	(26,810)	–
	16	Jul-08	Jun-10	$6.34	Jul-12	–	26,810	–	–	26,810
					Total	**–**	**147,454**	**–**	**(104,588)**	**42,896**
C Kelaher	14	Nov-07	Nov-08	$10.00	Nov-12	–	44,683	–	(44,683)[4]	–
	14	Nov-07	Nov-09	$10.00	Nov-12	–	44,683	–	–	44,683
	14	Nov-07	Nov-10	$10.00	Nov-12	–	44,683	–	–	44,683
	15	Jul-08	Jun-09	$5.00	Jul-11	–	334,585	–	(334,585)	–
					Total	**–**	**468,634**	**–**	**(379,268)**	**89,366**
A McLachlan	1	Feb-05	Nov-07	$2.98	Feb-14	–	107,239	–	(107,239)	–
	6	Jan-06	Jan-09	$5.52	Jan-11	–	80,429	–	(80,429)	–
	9	Jan-07	Jan-08	$9.18	Jan-11	–	67,025	–	(67,025)	–
	11	Sep-07	Jun-08	$9.36	Jun-13	–	21,447	–	(21,447)[3]	–
	11	Sep-07	Jun-09	$9.36	Jun-13	–	16,086	–	(16,086)[3]	–
	11	Sep-07	Jun-10	$9.36	Jun-13	–	16,086	–	–	16,086
	16	Jul-08	Jun-09	$6.34	Jul-12	–	26,810	–	(26,810)	–
	16	Jul-08	Jun-10	$6.34	Jul-12	–	26,810	–	–	26,810
					Total	**–**	**361,932**	**–**	**(319,036)**	**42,896**
Key Management Personnel who have departed during or since the end of the financial year:										
J Billington	–	Jan-08	Jul-11	$3.15	Jan-13	80,000	–	–	–	80,000
	–	Jul-08	Jul-11	$3.15	Jan-13	100,000	–	–	–	100,000
					Total	180,000	–	–	–	180,000
A Robinson	–	Nov-07	Various	–	–	675,000	–	(675,000)	–	–
					Total	**675,000**	**–**	**(675,000)**	**–**	**–**

(1) Represents the total number of options over AWM shares converted to IOOF shares upon merging of the two entities. AWM options convert to IOOF options at a conversion rate of 1 AWM share to 3.73 IOOF shares. All vesting conditions upon these options have been waived while the original vesting dates remain.

(2) Represents options vested and exercisable as at 30 June 2009, unless noted otherwise. No options were exercised during the financial year.

(3) Represents options vested, but not exercisable until June 2010.

(4) Represents options vested, but not exercisable until December 2010.

Remuneration report (cont'd)

F.7 Maximum value of previous year Executive Performance Share and Option Grants that vest in future periods

The following table discloses additional information in respect of executive performance share and option grants that will vest in the future.

	Vesting Year		
	30 June 2010	**30 June 2011**	**30 June 2012**
Name	**$**	**$**	**$**
Shares:			
A Hodges	249,451	131,445	20,979
S Abley	9,375	–	–
R Mota	106,981	75,443	13,427
Options:			
C Kelaher	68,815	17,133	–
M Carter	21,640	–	–
J Jodlowski	24,723	–	–
A McLachlan	24,723	–	–

The values for shares and options with service based vesting conditions have been allocated to future periods by applying probabilities to the likelihood of the shares or options vesting, up to the earliest vesting date. Values for future periods have not been discounted to present value.

Minimum value in all cases is zero, if the Executive ceases employment before the end of the vesting period.

Refer to the notes to the financial statements for further explanation of the valuation method and for details of Key Management Personnel shareholdings.

Part G. Non-Executive Directors' remuneration

G.1 Approval of funding for the remuneration

IOOF'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 in general meeting. This ceiling amount includes all remuneration provided to Non-Executive Directors, including superannuation but not including retirement benefits. The current limit of $850,000 per annum was approved by shareholders at the 2005 AGM. The Board will not be seeking approval to increase this ceiling at the 2009 AGM.

G.2 Objectives

The primary objective of the policy for Non-Executive Directors is to ensure IOOF 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.

G.3 Remuneration structure for the financial year ended 30 June 2009

Non-Executive Directors received a base fee, inclusive of superannuation to compensate them for all elements of their duty to the Board.

Equity participation

IOOF 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 IOOF shares at market value on a tax deferred basis.

The following table sets out the number of shares acquired by existing directors at 30 June 2009 and the range of prices at which shares were acquired during the financial year ended 30 June 2009.

Name	Shares Acquired	Share price range at acquisition date	Dollar Value
I Blair	6,695	\$2.83 - \$5.46	\$26,160
J Harvey	3,021	\$2.83 - \$5.46	\$12,000
J Pfeiffer	10,537	\$2.83 - \$5.46	\$41,856
R Sexton	5,619	\$2.83 - \$5.46	\$22,320

Retirement benefits

The IOOF Board has withdrawn this benefit from the benefits of 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 NEDs 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 2010.

(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.

G.4 Remuneration structure for the financial year ending 30 June 2010

The Remuneration Committee has determined that the current levels of fees offered to IOOF Non-Executive Directors is in line with those received by Non-Executive Directors at comparable entities, and therefore the existing fee structure will continue to apply in relation to the financial year ending 30 June 2010, being:

Chairman	\$193,500
Non-Executive Director	\$126,700

This fee is inclusive of superannuation, and reflects fees paid for all Board responsibilities, including Board Committee duties.

The possible operation of the Deferred Share Purchase Plan for the financial year ending 30 June 2010 will be reviewed once anticipated legislation regarding equity taxation and Prudential Standard LS510 are finalised.

Remuneration report (cont'd)

G.5 Details of Remuneration for Non-Executive Directors

The following table sets out the remuneration received by Non-Executive Directors for the financial year ended 30 June 2009 and the comparative year.

Key Management Personnel		Short-term Benefits	Post-Employment Benefits	Share based payments	Total	Post-Employment Benefits	Total
		Directors Fees	Super annuation(1)	Shares(2)	Shareholder Approved Remun-eration(3)	Retirement Benefits(4)	
Name		$	$	$	$	$	$
Non-Executive Directors							
I Blair	2009	153,890	15,495	26,160	195,545	21,037	216,582
	2008	161,325	13,647	22,740	197,712	49,262	246,974
J Harvey	2009	105,240	9,468	12,000	126,708	–	126,708
	2008	104,675	9,418	15,000	129,093	–	129,093
J Pfeiffer	2009	1,116	83,736	41,856	126,708	–	126,708
	2008	1,138	85,311	42,645	129,094	–	129,094
R Sexton	2009	98,580	10,881	22,320	131,781	9,868	141,649
	2008	100,435	11,087	22,740	134,262	11,937	146,199
G Venardos (from 30 April 2009)	2009	16,209	–	–	16,209	–	16,209
Directors who retired during or since the end of the financial year:							
R Harper (to 30 April 2009)	2009	106,568	9,591	–	116,159	–	116,159
	2008	118,442	10,660	–	129,102	–	129,102
K Spargo (to 30 April 2009)	2009	87,580	8,719	9,300	105,599	12,487	118,086
	2008	107,072	10,660	11,370	129,102	11,687	140,789
Total non-executive directors 2009		569,183	137,890	111,636	818,709	43,392	862,101
Total non-executive directors 2008		593,087	140,783	114,495	848,365	72,886	921,251

(1) Superannuation includes directors' fees sacrificed into superannuation funds.

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

(3) Shareholder Approved Remuneration amounted to $818,709 and was within the shareholder approved limit of $850,000 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 annual 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. Refer to G.3 for further details. Ms Spargo was paid an amount of $196,830 upon her resignation from the board.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

The Board of Directors has considered the policy regarding use of its auditors for non-audit services in the context of CLERP 9 and in accordance with the advice received from the Audit and Risk Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The directors are satisfied that the provision of non-audit services by the auditor, did not compromise the auditor's independence requirements of the Corporations Act for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure 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 APES 110 *Code of Ethics for Professional Accountants*.

In relation to the consolidated entity, the amount paid for non-audit services to the auditor KPMG was $440,929. Refer to Note 32 for further details with regard to remuneration paid to the Groups' Auditor.

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* and which forms part of this report is set out on page 178.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Mr I Blair	Mr C Kelaher
Chairman of the Board	Managing Director

Melbourne, 31 August 2009.

Income statements

For the year ended 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Revenue	6	364,178	404,149	24,304	46,863
Expenses	8	(343,118)	(394,538)	(27,619)	(17,987)
Finance income/(costs)	8	(269)	984	(538)	642
Share of profit of associates and jointly controlled entities	7	5,071	7,359	–	–
Profit/(Loss) before income tax		**25,862**	**17,954**	**(3,853)**	**29,518**
Income tax (expense)/ benefit	9	(8,910)	8,100	3,899	(427)
Profit for the year		**16,952**	**26,054**	**46**	**29,091**
Profit is attributable to:		15,847	23,340	46	29,091
Equity holders of IOOF Holdings Ltd		1,105	2,714	–	–
Minority interest		16,952	26,054	46	29,091
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**		
Basic earnings per share	33	16.7	34.2		
Diluted earnings per share	33	16.5	33.8		

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

Balance sheets

As at 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Assets					
Cash and cash equivalents	10	586,698	583,444	4,223	6,368
Receivables	11	119,602	67,350	11,099	13,417
Other financial assets	12	527,836	558,594	46,096	50,703
Investments in subsidiaries		–	–	856,620	190,605
Investments accounted for using the equity method	13	10,318	7,260	–	–
Other assets	14	31,652	10,335	11	4,803
Property and equipment	15	12,622	4,307	–	–
Current tax assets	16	1,962	–	–	–
Deferred tax assets	16	30,307	22,890	9,098	5,371
Intangible assets	17	754,372	167,714	–	–
Total Assets		**2,075,369**	**1,421,894**	**927,147**	**271,267**
Liabilities					
Payables	18	129,709	34,305	19,811	7,311
Borrowings	19	30,533	–	26,436	5,000
Current tax liabilities	20	–	8,099	–	6,875
Provisions	21	25,181	9,584	3,824	4,126
Other financial liabilities	22	16,386	25,125	–	–
Deferred revenue	23	23,393	4,163	–	–
Investment contract liabilities	24	359,479	471,438	–	–
Insurance contract liabilities	25	466,527	495,393	–	–
Outside interest in controlled trusts	26	143,703	141,209	–	–
Total Liabilities		**1,194,911**	**1,189,316**	**50,071**	**23,312**
Net Assets		**880,458**	**232,578**	**877,076**	**247,955**
Equity					
Contributed equity	27	855,107	218,637	855,107	218,637
Treasury shares	27	(5,497)	(4,701)	–	–
Preference shares	27	–	1,400	–	1,400
Reserves	28	6,139	5,440	8,401	4,183
Retained profits	29	16,790	11,078	13,568	23,735
Total equity attributable to equity holders of IOOF Holdings Ltd		872,539	231,854	877,076	247,955
Minority interest	30	7,919	724	–	–
Total Equity		**880,458**	**232,578**	**877,076**	**247,955**

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

Statements of changes in equity

For the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total Equity at the beginning of the year		**232,578**	**189,905**	**247,955**	**200,391**
Available-for-sale investment revaluation reserve	28	755	(345)	1,104	(345)
Net income recognised directly in equity		**755**	**(345)**	**1,104**	**(345)**
Profit for the year		16,952	26,054	46	29,091
Total recognised income and expense for the year		**17,707**	**25,709**	**1,150**	**28,746**
Transactions with equity holders in their capacity as equity holders					
Shares issued to equity holders via Scheme of Arrangement	27	634,885	–	634,885	–
Shares issued to General staff share plan	27	322	326	322	326
Shares issued in a shares placement	27	–	38,974	–	38,974
Deferred tax benefit on equity raising costs	27	–	307	–	307
Treasury shares – Executive performance share plan	27	(796)	645	–	–
Reserve for share based payments	28	(56)	2,015	3,114	1,974
Minority interest increase on change in shareholding		6,590	–	–	–
Dividends paid to shareholders of the Company	29	(10,272)	(22,567)	(10,350)	(22,763)
Dividends paid to minority interests in subsidiaries		(500)	(2,736)	–	–
		630,173	**16,964**	**627,971**	**18,818**
Total Equity at the end of the year		**880,458**	**232,578**	**877,076**	**247,955**
Total recognised income and expense for the year is attributable to:					
– Equity holders of IOOF Holdings Ltd		16,602	22,995	1,150	28,746
– Minority interest		1,105	2,714	–	–
		17,707	**25,709**	**1,150**	**28,746**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Cash flow statements

For the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Management fees and commission income received		318,028	311,080	7,463	13,246
Service fee income received		–	–	3,744	13,745
Premium income received		814	704	–	–
Payments to suppliers and employees		(306,655)	(270,070)	(1,077)	(8,418)
Payment of service fees		–	–	(2,745)	(4,849)
Distributions received		58,666	61,538	83	58
Contribution proceeds		44,830	187,808	–	–
Dividends received from non-related entities		143	984	15,368	29,250
Dividends received from associate		3,834	8,468	–	–
Interest income received		20,944	29,209	2,803	3,721
Interest paid		(269)	(296)	(538)	–
Withdrawal payments to members		(137,906)	(420,424)	–	–
Net proceeds/(payments) for purchases or sale of financial assets		(24,475)	261,091	(13)	25
Other income received		12,418	2,567	251	24
GST paid		(9,667)	(13,016)	–	616
Income tax paid		(14,971)	(48,041)	(11,951)	(12,110)
Net cash provided by/(used in) operating activities	**44(b)**	**(34,266)**	**111,602**	**13,388**	**35,308**
Cash flows from financing activities					
Dividends paid to shareholders of the Company		(10,272)	(22,567)	(10,350)	(22,763)
Dividends paid to minority interests in subsidiaries		(500)	(2,736)	–	–
Dividends paid to shareholders entitled to contractual share buy-back		(1,213)	(1,890)	–	–
Cash proceeds from shares issued		–	38,974	–	38,974
Proceeds of capital reduction from controlled entity		–	–	10,000	121,997
Payments to line of credit facility		–	(33,500)	–	(33,500)
Proceeds from loans repaid by directors and executives		–	465	–	–
Loans made to controlled entities		–	–	–	(6,759)
Loans made to directors and executives		–	(7,037)	–	–
Proceeds from loans repaid by controlled entities		–	–	2,238	556
Proceeds from loans repaid by related parties		–	97	–	–
Proceeds from loans repaid by policyholders – benefit funds		3,134	1,353	–	–
Loans made to policyholders – benefit funds		(1,623)	(3,210)	–	–

Cash flow statements (cont'd)

For the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Proceeds from loans from controlled entities		–	–	34,268	–
Repayment of loan from controlled entities		–	–	(7,518)	–
Net cash provided by/(used in) financing activities		**(10,474)**	**(30,051)**	**28,638**	**98,505**
Cash flows from investing activities					
Net cash inflow/(outflow) on acquisition of Australian Wealth Management business		68,012	–	(2,965)	–
Net cash (outflow) on acquisition of Skandia and Intech business		(16,995)	–	(32,606)	–
Net cash inflow on disposal of Intech business		8	–	–	–
Payment for purchase of property and equipment		(922)	(2,707)	–	(68)
Proceeds from sale of available-for-sale investments		–	363	–	–
Proceeds from sale of property and equipment		41	–	–	1,252
Payment for the purchase of shares in a controlled entity		(1,831)	–	(8,600)	(125,864)
Payment for purchase of shares in a listed entity		–	(3,967)	–	(3,967)
Payment for purchase of other intangible assets		(338)	(1,076)	–	–
Release of regulatory deposits		19	–	–	–
Net cash provided by/(used in) investing activities		47,994	(7,387)	(44,171)	(128,647)
Net increase/(decrease) in cash and cash equivalents		**3,254**	**74,164**	**(2,145)**	**5,166**
Cash and cash equivalents at the beginning of the year		583,444	509,280	6,368	1,202
Cash and cash equivalents at the end of the year	44(a)	**586,698**	**583,444**	**4,223**	**6,368**

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

Notes to the financial statements

For the year ended 30 June 2009

1. Reporting entity

IOOF Holdings Ltd (the 'Company' or 'Parent') is a public company listed on the Australian Securities Exchange (traded under the ASX code 'IFL'), incorporated and domiciled in Australia. The address of the Company's registered office is:

Level 29
303 Collins Street
Melbourne VIC 3000
Australia.

The consolidated financial statements of the Company for the year ended 30 June 2009 comprise the Company, its subsidiaries and the controlled trusts (together referred to as the 'Group' or the 'Consolidated Entity') and the Group's interest in associated entities.

A description of the nature of the Group's operations and its principal activities is included in the Consolidated Results – Review of Operations and in the Directors' Report, both of which are not part of this financial report.

2. Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations and the *Corporations Act 2001*.

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, and in accordance with that Class Order, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Compliance with IFRS

The consolidated financial report of the Group and the financial report of the Parent entity comply with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are at fair value through the asset revaluation reserve other than impairment losses and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The Balance Sheet is presented in order of liquidity.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4. 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 estimate is revised and in any future periods affected.

The financial statements were authorised for issue by the Directors on 31 August 2009.

3. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied across all entities and to all the years presented, unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IOOF Holdings Ltd as at 30 June 2009 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. Consistent accounting policies have been employed across all entities in the Group.

In preparing the consolidated financial statements, assets, liabilities, equity, income and expenses of each controlled entity are included with the parent entity amounts on a line by line basis. All intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated Income Statement from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

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) Product Classification for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

The financial statements of controlled life insurance entities, comprising policyholder funds and shareholders' funds are included in the consolidated financial report on a line by line basis.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the Income Statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the entity.

In the Parent entity's financial statements, investments in subsidiaries are carried at cost less any provision for impairment.

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 contributed equity.

(b) Investment in associates

Associates are entities over which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is generally identified with a shareholding of between 20% and 50% of the voting rights. The Group's investments in its associates are accounted for under the equity method of accounting in the consolidated financial statements.

In the Parent entity's financial statements, investments in associates are carried at cost less any provision for impairment.

The Group's share of its associates' post–acquisition profits or losses is recognised in the consolidated Income Statement, and its share of post–acquisition movements in reserves is recognised in reserves. The cumulative post–acquisition movements are adjusted against the carrying amount of the investment in the consolidated financial statements. Dividends received or receivable from associates reduce the carrying amount of the investment in the consolidated financial statements, whereas in the Parent entity's financial statements they are recognised in the Income Statement.

When the Group's share of the losses in an associate equals or exceeds its interest in an associate, including any unsecured receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments have been made where necessary to ensure consistency of accounting policies adopted by associates of the Group.

(c) Joint venture arrangements

Jointly controlled assets

Interests in jointly controlled assets in which the Group is a venturer (and so has joint control) are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Group's share of the expenses incurred by or in respect of each joint venture. The Group also recognises income from the sale or use of output from the joint venture in accordance with the revenue policy in Note 3(d).

The Group's interests in assets where the Group does not have joint control are accounted for in accordance with the substance of the Group's interest. Where such arrangements give rise to an undivided interest in the individual assets and liabilities of the joint venture, the Group recognises its undivided interest in each asset and liability and classifies and presents those items according to their nature.

Jointly controlled entities

Interests in jointly controlled entities in which the Group is a venturer (and so has joint control) are accounted for under the equity method in the consolidated financial statements and are carried at cost in the Parent entity's financial statements.

(d) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

- management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management or administration, and are recognised on an accruals basis;
- distribution and dividend income is brought to account on an accruals basis and are recognised when the right to receive payment is established;
- interest income is recognised using the effective interest method as set out in AASB 139, where appropriate;
- commission income from the provision of financial advisory services together with revenue from the rendering of services are recognised at the time the service is provided;
- upfront commissions 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;
- 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.

(e) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The applicable rates of income tax vary depending upon the fund or entity involved. Segregated superannuation and rollover fund business of the IOOF Ltd benefit funds attracts income tax at the rate of 15% (2008: 15%) and the ordinary business of the Company is taxed at the rate of 30% (2008: 30%).

Deferred tax is recognised using the balance sheet method, providing for 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 goodwill, 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 jointly controlled entities to the extent that it is probable they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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.

Tax consolidation legislation

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.

IOOF Holdings Ltd, as head entity in the tax consolidated group, recognises the current tax liability and any deferred tax assets arising from tax losses and any other relevant unused tax credit relating to the wholly-owned entities in the tax consolidation group; as if those liabilities and deferred tax assets relating to losses/credits were its own. In addition, IOOF Holdings Ltd recognises the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax-consolidated entities are recognised separately as tax-related amounts receivable or payable.

Current and deferred tax amounts are allocated to members of the tax group by utilising a modified 'stand-alone' approach which means that each group member will recognise transactions with another group member except for dividend income from other group members and capital gains and losses from transactions with other group members.

(f) Goods and Services Tax

Revenues, expenses and assets 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 Balance Sheet.

Cash flows are presented in the cash flow statement 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.

(g) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non–monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date when the fair value was determined.

Exchange differences are recognised in the Income Statement in the period in which they arise.

(h) 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.

(i) Receivables

All receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are due for settlement at terms which vary between 7 days and, in exceptional circumstances, 180 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the provision for impairment is recognised in the Income Statement within 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. Subsequent recoveries of amounts previously written off are credited against expenses in the Income Statement.

(j) Other financial assets

Classification

The Group classifies its financial assets in the following categories, depending on the purpose for which the asset was acquired:

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

Management determines the classification of its investments at initial recognition and, for those financial assets classified as held to maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management upon initial recognition. Management will designate a financial asset to this category if there exists the possibility it will be sold in the short-term and the asset is subject to frequent changes in fair value. Derivatives are categorised as financial assets at fair value through profit or loss unless they are designated as hedges.

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. Loans and receivables are included in receivables (Note 11) and other financial assets (Note 12) in the Balance Sheet.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

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. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

The acquisition and disposal sale of financial assets are recognised on trade-date, being the date on which a commitment is made to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and substantially all the risks and rewards of ownership have been transferred.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in the fair value of these financial assets being included in the Income Statement in the period in which they arise.

Available-for-sale financial assets are subsequently measured at fair value with any gains or losses arising from changes in the fair value of these securities other than impairment losses being recognised in equity in the available-for-sale investments revaluation reserve.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are transferred to the Income Statement as gains and losses from investment securities.

Details on how the fair value of financial instruments is determined are disclosed in Note 5.

Impairment

At each balance date, management assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. For available-for-sale financial assets, a significant or prolonged decline in the fair value of a security below its carrying value is considered in determining whether it is impaired. If it is assessed as impaired, the cumulative loss (being the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

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 original effective interest rate. The loss is recognised in the Income Statement.

(k) Product 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.

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 dependant 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.

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 the Income Statement. 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 recognised in the Income Statement.

Deposits collected and withdrawals processed for investment contracts without DPF are accounted for directly through the Balance Sheet as a movement in the investment contract liability. Distributions on these contracts are charged to the Income Statement 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 through the Income Statement and the investment component is accounted as a deposit through the Balance Sheet as described above.

(l) 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 Group and its controlled entities are managed on a fair value basis.

(m) Deferred acquisition costs

Deferred acquisition costs relate to commissions 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 to the Income Statement by a systematic allocation over the period of time the future economic benefits are expected to be received.

(n) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Assets and disposal groups classified as held for sale are measured at fair value less cost to sell in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The excess of the cost over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer Note 3(p)(i)). If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Amounts are recognised only where payment is probable and can be reliably estimated.

(o) Property and equipment

Property and equipment are measured at historical cost less any accumulated depreciation and any accumulated impairment losses. Historical cost includes all expenditure directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

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 the Income Statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements over the unexpired period of the lease if shorter, as follows:

Office equipment	3 – 15 years
Leasehold improvements	3 – 10 years

Asset useful lives and residual values are reviewed at each balance sheet date, with the effect of any changes recognised on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of the asset. These are included in the Income Statement.

(p) Goodwill and intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill acquired in a business combination is not amortised. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by the Group's investment in each business reporting segment (Note 43 Segment Information).

(ii) Intangible assets acquired separately or in a business combination

Intangible assets acquired separately or in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Intangible assets acquired separately or in a business combination are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(iii) Development of assets

Costs incurred with major software development and major projects are capitalised where the associated intangible asset is assessed as being separable from the entity, controlled by the entity, will provide future economic benefit, and the cost can be measured reliably. Capitalised costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which has generally been assessed as being three to five years.

(iv) Adviser relationships

Adviser relationships have a finite useful life and are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which has generally been assessed as being five years.

(q) Impairment of assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. 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 which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash-generating units).

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(r) Accounts payable

Accounts payable represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Some agreements, for example those relating to certain commission payments, may require quarterly or annual settlement.

(s) Employee entitlements

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave represent the Group's present obligation in relation to employees' services provided up to balance date. The liabilities are recognised at the remuneration rates expected to be paid when obligations are settled. Where annual leave is expected to be settled within 12 months, it is recognised in 'Other creditors – employee entitlements'. Where annual leave is expected to be settled beyond 12 months, it is discounted using rates attaching to Commonwealth Government securities which most closely match the terms of maturity of the related liabilities at balance date, and is recognised in 'Provisions – employee entitlements'.

(ii) Long service leave

Liability for long service leave benefits that are expected to be settled within 12 months are measured at the amount expected to be paid when they are settled, and is recognised in 'Other creditors – employee entitlements'.

Liabilities for long service leave 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, and is recognised in 'Provisions – employee entitlements'. This liability represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to 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.

(iii) Employee benefits on-costs

Employee benefits on-costs are recognised and included in 'Accounts payable' when the employee benefits to which they relate are recognised as liabilities.

(iv) Equity-settled share-based compensation benefits

Equity-settled compensation benefits are provided to employees via various employee share and option arrangements. The grant date fair value of shares and options granted to employees is recognised as an expense, with a corresponding increase in the share-based payments reserve, over the period that the employees become unconditionally entitled to the shares or options.

The cumulative expense recognised at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the number of shares and options that, in the opinion of the Directors of the Group, will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met, as the effect of these conditions is reflected in the determination of the fair value at grant date.

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 pool of shares has been issued to satisfy the expected vesting, pending the satisfaction of performance prerequisites, to the IOOF Executive Performance Share Plan Trust. The IOOF Group has no right to recall placed shares. However, a subsidiary company acts as the trustee of this Trust, and can direct the voting rights of shares held and strategic direction. Shares in the Group held by IOOF Executive Performance Share Plan Trust are classified and disclosed as Treasury shares, and deducted from equity.

Employees have the opportunity to participate in the IOOF Deferred Share Purchase Plan. The plan provides a facility for staff to salary sacrifice base salary or future incentive entitlements in order to acquire shares. As the purchase is funded by employees' salary sacrifice or incentives provided, no additional expense is recorded by the Company.

(v) Short term incentive plans

A liability for employee benefits in the form of an incentive plan is recognised in 'Other creditors' 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.

(vi) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value, using rates attaching to Commonwealth Government securities which most closely match the terms of maturity of the related liabilities at balance date.

(vii) 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 the Income Statement when incurred.

(t) Provisions

Provisions are recognised when:

- it is established there is a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceeds the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

(u) Other financial liabilities

Purchase commitments to reacquire interests from minority 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 minority shareholders.

(v) Deferred revenue liability

Deferred revenue liabilities relate to fees charged for investment management services. The fee is recognised as revenue in the period in which it is received unless they relate to services to be provided by the Group in future periods. Fees for services to be provided in future periods are deferred and recognised as a liability on the Balance Sheet. Deferred revenues are progressively amortised to the Income Statement by a systematic allocation over the period of time the future economic benefits are expected to be received.

(w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw–down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non–cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(x) Investment contract liabilities and claims expense

Investment contracts with 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 the Income Statement.

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 the Income Statement 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.

(y) 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.

(z) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A leased asset is established at the commencement of the lease at the lower of the fair value of the leased property and the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in payables. Each lease payment is allocated between the lease liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease asset is amortised on a straight-line basis over the shorter of the term of the lease or the useful life of the asset.

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight-line basis over the period of the incentive except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

The present value of future payments of surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the lease space will be of no future benefit to the Group. Each lease payment is allocated between the liability and the finance charge.

(aa) 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.

(ab) Contributed equity

Ordinary shares are classified as equity. Preference shares that are mandatory redeemable or that attach a contractual obligation to pay a regular, cumulative, fixed-rate dividend are classified as liabilities. The dividends on these preference shares classified as liabilities are recognised in the Income Statement as finance costs.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(ac) Dividends

Provision is made for the amount of any dividend declared by the Directors on or before the end of the financial year but not distributed at balance date.

(ad) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(ae) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those operating in other economic environments. The Group's segment reporting is based on business segments.

(af) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate line of business of operation that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(ag) New accounting standards

Certain new accounting standards have been published that are not mandatory for 30 June 2009 reporting periods, and have not been early adopted in these financial statements. The Group's and Parent entity's assessment of those standards and interpretations that may have a material impact on the Group's and Parent entity's future financial statements is set out below:

(i) AASB 8 Operating Segments

AASB 8 and AASB 2007-3 will result in a change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt these revised standards from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report, and will be more consistent with the internal reporting provided to the Group's chief operating decision-maker. As goodwill is allocated by management to groups of cash generating units on a segment level, a change in reportable segments may also require a reallocation of goodwill. This is not expected to result in any additional impairment of goodwill.

(ii) Revised AASB 101 Presentation of Financial Statements

The revised AASB 101 and AASB 2007-8 requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If an entity makes a prior period adjustment or reclassifies items in the financial statements, it will need to disclose a third Balance Sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. The Group will apply these revised standards from 1 July 2009.

(iii) Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. Key changes in relation to the Group's current accounting policies include:

- the transaction costs, other than share and debt issue costs, will be expensed as incurred.
- contingent consideration will be measured at fair value at acquisition date, with subsequent changes therein recognised through the Income Statement.
- any non-controlling (minority) interests will be measured at either fair value, or at its proportionate share of the identifiable net assets of the acquiree, on a transaction-by-transaction basis.
- any pre–existing interest in the acquiree will be measured at fair value, with the gain or loss recognised in profit or loss.

The revised AASB-127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. Where control is lost, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the Income Statement.

The Group will apply these revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009. There will be no impact on periods prior to its application.

(iv) Revised AASB 123 Borrowing Costs

The revised AASB 123 and AASB 2007-6 removes the option to expense all borrowing costs and requires the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. These revised standards will become mandatory for the Group from 1 July 2009, but does not constitute a change in accounting policy for the Group.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 17 for further details.

(ii) Life insurance contract liabilities

Life insurance contract liabilities are computed using statistical or mathematical methods, which are expected to give approximately the same results as if an individual liability was calculated for each contract. The computations are made by suitably qualified personnel on the basis of recognised actuarial methods, with due regard to relevant actuarial principles. The methodology takes into account the risks and uncertainties of the particular classes of life business written. Deferred policy acquisition costs are connected with the measurement basis of the life insurance contract liabilities and are equally sensitive to the factors that are considered in the liability measurement. Refer to Note 45(d) for further details on actuarial assumptions and methods.

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

- the cost of providing benefits and administering these insurance contracts;
- mortality and morbidity experience on the life insurance products, including enhancements to policyholder benefits;
- discontinuance experience, which affects the Company's ability to recover the cost of acquiring new business over the lives of the contracts; and
- the amounts credited to policyholders' accounts compared to the returns on invested assets through asset–liability management and strategic and tactical asset allocation.

In addition, factors such as regulation, competition, interest rates, taxes, securities market conditions and general economic conditions affect the level of these liabilities. In some contracts, the Group shares experience on mortality, morbidity, persistency and investment results with its customers, which can offset the impact of these factors on profitability from those products.

(iii) Assets arising from reinsurance contracts

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

(iv) Deferred acquisition costs

Deferred acquisition costs which are carried as an asset in the Balance Sheet are progressively amortised in the Income Statement by a systematic allocation of the period of time over which future economic benefits are expected to be received. Uncertainty in relation to the period over which future economic benefits are expected has resulted in management using estimates.

(v) IOOF Executive Performance Share Plan Trust

In determining the amount that should be recognised between grant date and vesting date, probability factors are applied to the calculation. The probability is a matter of the best estimate based on achievement of the hurdles and assessment of the likelihood of the employee remaining with the organisation.

(vi) Liability to buy back vested shares

A liability pursuant to shareholder agreements has been recognised. Determination of the amount of the liability has required assumptions concerning future growth, discount rates and fund flows.

(vii) Loans written down to fair value

Certain loans to Directors of controlled and associate entities have been discounted to approximate their fair value based on the estimated life of these loans using a discounted pre-tax weighted average cost of capital. Judgement and assumptions have been used with regard to the estimated life and discount rates used within this calculation. Refer to Note 12 for further explanation.

(viii) Deferred acquisition settlement liability

A deferred acquisition settlement payment was potentially payable by way of a final payment to parties resulting from the acquisition of minority interest of Perennial Investment Partners Limited. This payment was based on the audited profitability of the company for the year ended 30 June 2009. Professional judgements and assumptions have been used with the application of all applicable Australian Accounting Standards to quantify the profitability of Perennial Investment Partners Limited as at that date.

(ix) Impairment and useful life of intangibles assets (excluding goodwill)

The group tests intangible assets for any impairment, in accordance with the accounting policy. Refer to Notes 1(q) for details regarding the accounting policy.

In determining the useful life of intangible assets with a finite life, with due consideration of historical trends', an attempt has been made to estimate the period of time over which the asset will provide a future economic benefit to the Group. Refer to Note 17 for further details.

(b) Critical judgements in applying the accounting policies

Judgement and assumptions, apart from those involving estimates as noted above have been used to quantify the fair value of the available-for-sale investments held as at balance date. The Directors are of the view that the market price at 30 June 2009 represents the fair value of this asset.

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 Australian Standard 4360 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 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 commission fee revenue. Further information in relation to this is contained in the Consolidated Results – Review of Operations in the Annual Report. 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 IOOF Group. There is no direct impact on the net profit or the equity of the IOOF 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 IOOF group of companies 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 IOOF group of companies are 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 IOOF Group is available in Note 3(a) Principles of Consolidation.

The following table shows the value of financial instruments held directly and actively managed by the corporate entities within the IOOF Group ('Corporate Entity Sub-group') in relation to its shareholder interests. It shows the 'Shareholder' financial instruments, as reported in the Notes to the financial statements, adjusted to reverse certain 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 Corporate Entity Sub-group.

IOOF Corporate Entity Sub-group						
	2009			2008		
	Shareholder	Elimination adjustments	Corporate Entity Sub-group	Shareholder	Elimination adjustments[a]	Corporate Entity Sub-group
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Cash and cash equivalents	131,946	176	132,122	42,252	11,515	53,767
Receivables (including related entity receivables)	105,582	1,217	106,799	20,967	8,862	29,829
Loans and other receivables	9,198	7,153	16,351	9,043	7,153	16,196
Financial assets at fair value through profit or loss	3,292	–	3,292	7,662	–	7,662
Available-for-sale financial assets	20,716	–	20,716	3,623	–	3,623
	270,734	8,546	279,280	83,547	27,530	111,077
Financial liabilities						
Payables (including related entity payables, and excluding employee entitlements)	129,097	10,688	139,785	16,710	848	17,558
Borrowings	30,533	–	30,533	–	–	–
Deferred settlement	1,699	–	1,699	–	–	–
Share buy-back liabilities	16,386	–	16,386	25,125	–	25,125
	177,715	10,688	188,403	41,835	848	42,683

(a) The elimination adjustments refer to the inter entity balances between the IOOF Corporate Entity Sub-Group and the benefit funds and controlled unit trusts.

The Parent entity held the following financial instruments:

	Parent entity	
	2009	2008
	$'000	$'000
Financial assets		
Cash and cash equivalents	4,223	6,368
Receivables	11,099	13,417
Loans and other receivables	44,854	47,080
Available-for-sale financial assets	1,242	3,623
	61,418	70,488
Financial liabilities		
Payables (excluding employee entitlements)	19,746	6,527
Borrowings	26,436	5,000
	46,182	11,527

The Corporate Entity Sub-group and Parent entity do not hold derivative financial instruments to hedge other market risk exposures, and do not hold or trade derivative financial instruments for speculative purposes.

Financial risks for the IOOF Group include market risk (including fair value risk, interest rate risk and price risk), credit risk, liquidity risk, and insurance risk.

(a) Market risk

(i) Price risk

Price risk is the risk 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 Corporate Entity Sub-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 related party trusts 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 Corporate Entity Sub-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.

Group sensitivity

At 30 June 2009, had the price of the units/shares held by the Corporate Entity Sub-group in unlisted unit trusts/shares in other entities increased/decreased by 1% (2008: 1%) with all other variables held constant, post-tax profit for the year and group equity would increase/decrease by $24,000 (2008: $159,600) as a result of gains/losses recorded through profit or loss.

At 30 June 2009, had the value of the underlying equity in relation to the Share buy-back liabilities increased/decreased by 1% (2008: 1%) with all other variables held constant, post-tax profit for the year and group equity would decrease/increase by $114,702 (2008: $175,870).

Parent entity sensitivity

At 30 June 2009, had the price of the units held by the Parent entity in unlisted unit trusts increased/decreased by 1% (2008: 1%) with all other variables held constant, post-tax profit for the year and group equity would increase/decrease by $737 (2008: $14,539) as a result of gains/losses recorded through profit or loss.

(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 Corporate Entity Sub-group and the Parent 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.

Group sensitivity

At 30 June 2009, 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 $789,000 higher/lower (2008: change of +/– 100 basis points; $409,136 higher/lower), mainly as a result of higher/ lower interest income from cash and cash equivalents, loans, and seed capital contributed to Trusts, but diminished by higher/ lower interest expense on bank borrowings. Equity would have been higher/lower by the same amounts.

Parent entity sensitivity

At 30 June 2009, 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 $156,951 higher/lower (2008: change of +/– 100 basis points; $324,597 higher/lower), mainly as a result of higher/ lower interest income from loans to related entities, but diminished by higher/lower interest expense on bank borrowings. Equity would have been higher/lower by the same amounts.

(iii) Foreign exchange risk

The Corporate Entity Sub-group and the Parent entity were not exposed to significant foreign exchange risk in relation to financial instruments held at year end (2008: 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 Corporate Entity Sub-group from cash and cash equivalents, receivables, loans and other receivables.

The Corporate Entity Sub-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 related–party trusts. Where investments are held as units in a related trust, that trust is subject to the rules of the trust deed and the investment in underlying assets is subject to asset allocation guidelines. Asset allocations are monitored regularly by the subsidiary in its capacity as Responsible Entity for the trust.

Receivables consist of management fees receivable, commission 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. 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 Corporate Entity Sub-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 Corporate Entity Sub-group and the Parent entity.

The Corporate Entity Sub-group and the Parent entity do 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 in Note 11 Receivables.

(c) Liquidity risk

Liquidity risk relates to the Corporate Entity Sub-group having insufficient liquid assets to cover current liabilities and unforeseen expenses.

The Corporate Entity Sub-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 Corporate Entity Sub-group had access to un–drawn bank borrowing facilities at the balance date, on the terms described and disclosed in Note 19 Borrowings.

The Corporate Entity Sub-group is additionally required to comply with certain solvency requirements under Section 65 of the *Life Insurance Act 1995* in relation to the policyholders of IOOF Life Ltd, as a regulated insurer. The level of Solvency Reserves and capital adequacy in relation to this business is continuously monitored by management in accordance with the relevant actuarial standards.

In addition, the liquidity requirements for licenced 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 Corporate Entity Sub-group's and the Parent entity'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.

IOOF Corporate Entity Sub-group						
2009	<3 months $'000	3 to 6 months $'000	6 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables – excluding employee entitlements	139,640	2	143	–	139,785	139,785
Deferred settlement	1,133	–	566	–	1,699	1,699
Borrowings	30,610	4	25	–	30,639	30,533
Share buy-back liabilities(1)	–	–	–	16,386	16,386	16,386
	171,383	6	734	16,386	188,509	188,403

IOOF Corporate Entity Sub-group						
2008	<3 months $'000	3 to 6 months $'000	6 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000	Carrying amount $'000
Payables – excluding employee entitlements	17,558	–	–	–	17,558	17,558
Share buy-back liabilities (1)	–	–	–	25,125	25,125	25,125
	17,558	–	–	25,125	42,683	42,683

(1) 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.

Parent entity					
2009	**<3 months**	**3 to 6 months**	**6 months or more**	**Total contractual cash flows**	**Carrying amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payables – excluding employee entitlements	19,746	–	–	19,746	19,746
Loan from controlled entity (1)	26,436	–	–	26,436	26,436
	46,182	–	–	46,182	46,182

Parent entity					
2008	**<3 months**	**3 to 6 months**	**6 months or more**	**Total contractual cash flows**	**Carrying amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Payables – excluding employee entitlements	6,527	–	–	6,527	6,527
Loan from controlled entity (1)	5,000	–	–	5,000	5,000
	11,527	–	–	11,527	11,527

(1) This interest bearing loan from a controlled entity is at call.

(d) Life insurance risk

The Group is exposed to life insurance risks through the subsidiary IOOF Life Ltd. These risks relate to pricing, acceptance and management of mortality, morbidity and longevity risks from policyholders.

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

Financial risks are monitored and controlled by selecting appropriate assets to back policy liabilities. The assets are 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 45 for further details regarding the Life insurance business.

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 ensure these requirements are monitored and adhered to.

(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. The estimated fair values resulting from the valuation techniques are reasonable and the most appropriate at the balance sheet date. Changing any of the assumptions to a reasonably possible alternative would not result in a significantly different value.

For details regarding the fair value of available-for-sale assets, refer to Note 12(b).

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 12(e) for further details.

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

6. Revenue

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Management and commission fee revenue				
Management fees:				
Investment products	208,660	–	208,660	–
Benefit funds	15,044	–	15,044	–
Associated entity	1,946	–	1,946	–
Related entities	4,436	4,366	8,802	–
Other entities	14,730	–	14,730	–
Commission and brokerage revenue:				
Non-related entities	24,803	–	24,803	–
	269,619	4,366	273,985	–
Life insurance revenue				
Direct insurance premiums	–	699	699	–
Insurance claims recovered	–	642	642	–
Decrease in policyholder liabilities	–	13	13	–
	–	1,354	1,354	–
Other revenue				
Other fee revenue	1,448	–	1,448	–
Amortisation of deferred fee income	852	–	852	–
Service fee income:				
Controlled entities	–	–	–	3,744

		Consolidated			Parent
		Share-holder	Statutory	Total	
		$'000	$'000	$'000	$'000
Interest revenue					
Directors and Executives of subsidiaries		178	–	178	–
Other related parties		267	–	267	2,559
Non-related entities		2,308	18,094	20,402	244
Dividends:					
Controlled entities		–	–	–	15,368
Non-related entities		–	144	144	–
Deposits received – investment contracts with DPF		–	27,897	27,897	–
Distributions:					
Non related parties		97	26,546	26,643	–
Related Parties		–	–	–	22
Profit on sale of subsidiary – Intech Pty Ltd		–	–	–	–
Profit on sale of financial assets		150	–	150	–
Gains on investments		–	–	–	–
Finance income on related party loans		161	–	161	–
Loan forgiveness to former controlled entity	(a)	–	–	–	1,750
Other (including brokerage revenue)		10,697	–	10,697	617
		16,158	72,681	88,839	24,304
Total revenue		**285,777**	**78,401**	**364,178**	**24,304**

(a) In May 2009, Intech Fiduciaries Ltd approved and advanced an interest bearing loan of $2,000,000 to its ultimate controlling entity, IOOF Holdings Ltd. The Intech group of entities were sold on 30 June 2009. To facilitate an efficient sale process, an amount of $1,750,000 being the outstanding loan balance as at that date, was forgiven by Intech Fiduciaries Ltd.

Notes to the financial statements (cont'd)

For the year ended 30 June 2009

6. Revenue (cont'd)

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2008				
Management and commission fee revenue				
Management fees:				
Investment products	212,998	–	212,998	–
Benefit funds	18,074	–	18,074	–
Associated entity	2,083	–	2,083	–
Related entities	30	5,949	5,979	–
Other entities	18,331	–	18,331	–
Commission revenue:				
Non-related entities	18,238	–	18,238	–
	269,754	5,949	275,703	–
Life insurance revenue				
Direct insurance premiums	–	689	689	–
Insurance claims recovered	–	463	463	–
	–	1,152	1,152	–
Other revenue				
Other fee revenue	1,388	–	1,388	–
Service fee income:				
Controlled entities	–	–	–	13,745
Interest revenue				
Directors and Executives of subsidiaries	109	–	109	–
Other related parties	132	–	132	3,168
Non-related entities	3,238	24,877	28,115	553
Dividends				
Controlled entities	–	–	–	29,250
Non-related entities	87	897	984	–
Deposits received – investment contracts with DPF	–	20,680	20,680	–
Distributions				
Non related parties	25	74,565	74,590	123

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
Profit on sale of financial assets	400	–	400	–
Gains on investments	–	–	–	19
Finance income on related party loans	179	–	179	–
Other	708	9	717	5
	6,266	121,028	127,294	46,863
Total revenue	**276,020**	**128,129**	**404,149**	**46,863**

7. Share of profit of associates and jointly controlled entities

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Share of profit of associates and jointly controlled entities	5,071	–	5,071	–
For the year ended 30 June 2008				
Share of profit of associates	7,359	–	7,359	–

8. Expenses

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Profit before income tax includes the following specific expenses:				
Expenses, excluding finance costs :				
Commissions and other direct costs				
Commission, rebates and management fees:				
Related entities	2,504	–	2,504	–
Associated entity	8,976	–	8,976	–
Benefit funds	–	12,928	12,928	–
Non-related entities	114,634	1,302	115,936	–
	126,114	14,230	140,344	–
Life Insurance operating expenses include:				
Outward reinsurance expense	–	403	403	–
Policy payments/claims	–	701	701	–
Operating expenses	–	89	89	–
	–	1,193	1,193	–
Operating Expenditure				
Salaries and related expenses	68,553	–	68,553	4,676
Redundancy costs	9,578	–	9,578	7,273
Net transfers to employee provisions	5,217	–	5,217	216
Employee defined contribution plan expense	5,802	–	5,802	327
Professional fees	9,917	–	9,917	3,329
Marketing	4,107	–	4,107	58
Computer maintenance and support	10,059	–	10,059	3
Office support	4,177	–	4,177	314
Occupancy related expenses	2,455	–	2,455	–
Operating lease rental expenses	5,666	–	5,666	116
Travel and entertainment	4,078	–	4,078	142
Service fees – controlled entities	–	–	–	2,745
Other expenses	1,764	43	1,807	136
	131,373	43	131,416	19,335

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
Amortisation of intangibles				
Amortisation of software and infrastructure projects	911	–	911	–
Amortisation of adviser relationships	851	–	851	–
	1,762	–	1,762	–
Depreciation of property and equipment	2,473	–	2,473	–
Impairment loss – property and equipment	946	–	946	–
Deferred acquisition costs amortisation	5,051	–	5,051	–
Employee share-based payments expense	4,917	–	4,917	1,717
Revaluation of shareholder liabilities	(6,803)	–	(6,803)	–
Loss on sale of available-for-sale financial assets	1	–	1	–
Write down of value in subsidiaries	–	–	–	3,040
Losses on other financial assets at fair value through profit or loss	945	74,730	75,675	42
Available-for-sale financial asset impairment	3,485	–	3,485	3,485
Investment contracts with DPF:				
Benefits and withdrawals paid	–	69,212	69,212	–
Decrease in policyholder liabilities	–	(28,851)	(28,851)	–
Termination bonuses	–	234	234	–
Distribution to policyholders	–	(57,937)	(57,937)	–
Total expenses, excluding finance costs	270,264	72,854	343,118	27,619
Finance costs :				
Interest – controlled entities	–	–	–	302
Interest – non-related entities	269	–	269	236
	269	**–**	**269**	**538**

8. Expenses (cont'd)

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2008				
Profit before income tax includes the following specific expenses:				
Expenses, excluding finance costs :				
Commissions and other direct costs				
Commission, rebates and management fees:				
Related entities	30	–	30	–
Associated entity	13,487	–	13,487	–
Benefit funds	–	15,738	15,738	–
Non-related entities	121,508	1,683	123,191	1
	135,025	17,421	152,446	1
Life insurance operating expenses				
Outward reinsurance expense	–	395	395	–
Policy payments/claims	–	552	552	–
Operating expenses	–	90	90	–
	–	1,037	1,037	–
Operating expenditure				
Salaries and related expenses	53,242	–	53,242	3,523
Redundancy costs				
Net transfers to employee provisions	4,975	–	4,975	325
Employee defined contribution plan expense	4,479	–	4,479	482
Employee remuneration costs relating to fair value write down of loans	629	–	629	–
Professional fees	9,256	–	9,256	4,013
Marketing	4,331	–	4,331	94
Computer maintenance and support	7,279	–	7,279	193
Office support	4,895	–	4,895	470
Occupancy related expenses	779	–	779	201
Operating lease rental expenses	4,686	–	4,686	1,121
Travel and entertainment	3,608	–	3,608	152
Service fees – Controlled entities	–	–	–	4,849
Other expenses	1,843	112	1,955	115
	100,002	112	100,114	15,538

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
Amortisation of intangibles				
Amortisation of software and infrastructure projects	612	–	612	–
Amortisation of adviser relationships	851	–	851	–
Goodwill impairment	4,509	–	4,509	–
	5,972	–	5,972	–
Depreciation of property and equipment	1,647	–	1,647	301
Deferred acquisition costs amortisation	3,723	–	3,723	–
Net movement in provision for impairment of receivables – related party	(553)	–	(553)	–
Employee share-based payments expense	3,055	–	3,055	1,352
Revaluation of shareholder liabilities	946	–	946	–
Loss on sale of available-for-sale financial assets	1,279	–	1,279	–
Provision for diminution in value of investment	1,100	–	1,100	–
Write down of value in subsidiaries	–	–	–	795
Losses on other financial assets at fair value through profit or loss	1,033	117,099	118,132	–
Investment contracts with DPF:				
Benefits and withdrawals paid	–	71,021	71,021	–
Decrease in policyholder liabilities	–	(39,173)	(39,173)	–
Termination bonuses	–	380	380	–
Distribution to policyholders	10	(26,598)	(26,588)	–
Total expenses, excluding finance costs	**253,239**	**141,299**	**394,538**	**17,987**
Finance costs:				
Interest – non-related entities	296	–	296	638
Discount on deferred settlement payment	(1,280)	–	(1,280)	(1,280)
	(984)	**–**	**(984)**	**(642)**

9. Income tax expense

(a) Income tax expense

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Current tax	5,993	(2,770)	3,223	(4,408)
Deferred tax	(2,537)	7,683	5,146	507
Adjustments recognised in the current year in relation to the deferred tax of prior years	184	–	184	–
Recognition tax losses and deferred tax balances	165	–	165	–
Under/(over) provided in prior years	(51)	243	192	2
Income tax expense/(benefit) attributed to profit from continuing operations	3,754	5,156	8,910	(3,899)
Deferred income tax (revenue)/ expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 16)	87	7,656	7,743	510
(Decrease)/increase in deferred tax liabilities (Note 20)	(2,624)	27	(2,597)	(3)
	(2,537)	7,683	5,146	507
For the year ended 30 June 2008	7,428	28,816	36,244	254
Current tax	882	(43,897)	(43,015)	170
Deferred tax	(1,636)	307	(1,329)	3
Under/(over) provided in prior years				
Income tax expense/(benefit) attributed to profit from continuing operations	**6,674**	**(14,774)**	**(8,100)**	**427**
Deferred income tax (revenue)/ expense included in income tax expense comprises:				
Decrease/(increase) in deferred tax assets (Note 16)	1,762	(13,792)	(12,030)	167
(Decrease)/increase in deferred tax liabilities (Note 20)	(880)	(30,105)	(30,985)	3
	882	(43,897)	(43,015)	170

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Profit/(loss) from operations before income tax expense and items eliminated on consolidation	20,315	5,547	25,862	(3,853)
Inter-group interest/ distribution income eliminated on consolidation	250	(250)	–	–
Profit/(loss) from continuing operations before income tax expense	20,565	5,297	25,862	(3,853)
Tax at the Australian tax rate of 30%	6,170	1,589	7,759	(1,155)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Share of tax credits with benefit funds	2,035	(2,086)	(51)	–
Recognition of deferred tax balances	165	–	165	–
Tax on distribution to policyholders	–	5,410	5,410	–
(Non assessable income)/Non deductible expense	(3,141)	–	(3,141)	1,864
Elimination of associate profit	(1,522)	–	(1,522)	
Tax losses not recognised and imputation credits	98	–	98	(4,610)
	3,805	4,913	8,718	(3,901)
Under/(over) provided in prior years	(51)	243	192	2
Income tax expense/(benefit)	**3,754**	**5,156**	**8,910**	**(3,899)**
For the year ended 30 June 2008				
Profit from operations before income tax expense and items eliminated on consolidation	31,124	(13,170)	17,954	29,518
Inter-group interest/ distribution income eliminated on consolidation	1,470	(1,470)	–	–
Profit from continuing operations before income tax expense	32,594	(14,640)	17,954	29,518
Tax at the Australian tax rate of 30%	9,778	(4,392)	5,386	8,855

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Share of tax credits with benefit funds	2,814	(3,278)	(464)	–
Write down in available-for-sale assets	–	–	–	–
Tax on distribution to policyholders	–	(7,411)	(7,411)	–
(Non assessable income)/non deductible expense	(724)	–	(724)	344
Elimination of associate profit	(2,208)	–	(2,208)	
Tax losses not recognised and imputation credits	(1,350)	–	(1,350)	(8,775)
	8,310	(15,081)	(6,771)	424
Under/(over) provided in prior years	(1,636)	307	(1,329)	3
Income tax expense/(benefit)	**6,674**	**(14,774)**	**(8,100)**	**427**

(c) 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.

(d) Tax losses

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
For the year ended 30 June 2009				
Unused tax losses for which no deferred tax asset has been recognised	2,834	–	2,834	–
Potential tax benefit at 30% not recognised	**850**	**–**	**850**	**–**
For the year ended 30 June 2008				
Unused tax losses for which no deferred tax asset has been recognised	1,860	–	1,860	–
Potential tax benefit at 30% not recognised	**558**	**–**	**558**	**–**

10. Cash and cash equivalents

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Cash at bank	131,946	6,660	138,606	4,118
Unlisted unit trusts – related party	–	448,092	448,092	105
	131,946	**454,752**	**586,698**	**4,223**
30 June 2008				
Cash at bank	42,252	10,650	52,902	4,291
Unlisted unit trusts – related party	–	530,542	530,542	2,077
	42,252	**541,192**	**583,444**	**6,368**

Deposits at call

Cash at bank are interest bearing at floating rate interest rate averaging 4.48% (2008: 6.61%). The unlisted unit trusts – related party is an investment in Perennial Wholesale Sectoral Unit Trusts.

Interest rate risk exposure

Further information about the Group's and the parent entity's exposure to interest rate risk is provided in Note 2 Risk Management.

11. Receivables

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Receivables	75,349	7	75,356	272
Interest receivable – other non related entities	197	1,532	1,729	–
Interest receivable – related parties	138	–	138	–
Amounts receivable from controlled entities	–	–	–	34
Tax related receivable	–	–	–	5,245
Provision for impairment of receivables	(187)	–	(187)	(134)
	75,497	1,539	77,036	5,417
Distributions receivable – other non related entities	–	12,222	12,222	–
Distributions receivable – controlled trust	–	–	–	4
Insurance contract asset	–	7	7	–
Gross policy liabilities ceded under reinsurance	–	252	252	–

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
Amounts receivable from related parties	30,085	–	30,085	–
Tax related receivable from controlled entities	–	–	–	5,678
	105,582	**14,020**	**119,602**	**11,099**
30 June 2008				
Receivables	6,208	–	6,208	188
Interest receivable – other non related entities	10	1,907	1,917	–
Interest receivable – related parties	47	–	47	–
Amounts receivable from controlled entities	–	–	–	3,385
Provision for impairment of receivables	(153)	–	(153)	(134)
	6,112	1,907	8,019	3,439
Distributions receivable – other non related entities	29	44,216	44,245	–
Distributions receivable – controlled trust	–	–	–	65
Insurance contract asset	–	4	4	–
Gross policy liabilities ceded under reinsurance	–	256	256	–
Amounts receivable from related parties	14,826	–	14,826	9
Tax related receivable from controlled entities	–	–	–	9,904
	20,967	**46,383**	**67,350**	**13,417**

(a) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be realised within 12 months	105,582	14,020	119,602	11,099
Expected to be realised after 12 months	–	–	–	–
	105,582	**14,020**	**119,602**	**11,099**
30 June 2008				
Expected to be realised within 12 months	20,888	46,383	67,271	13,417
Expected to be realised after 12 months	79	–	79	–
	20,967	**46,383**	**67,350**	**13,417**

(b) Impaired receivables

As at 30 June 2009, receivables of the Group with a nominal value of $187,000 (2008: $153,000) were impaired. The amount of the impairment provision was $187,000 (2008: $153,000). The individually impaired receivables mainly relate to amounts receivable from various dealer groups. These amounts were subject to dispute.

As at 30 June 2009, receivables of the Parent entity with a nominal value of $134,000 (2008: $134,000) were impaired. The amount of the impairment provision was $134,000 (2008: $134,000). The impaired receivables relates to a receivable asset from a non-related entity.

The ageing of these impaired receivables is as follows:

	Consolidated	
	2009	**2008**
	$'000	**$'000**
0 to 180 days	–	–
181 to 360 days	34	–
1 to 3 years	–	–
Greater than 3 years	153	153
	187	**153**

	Parent entity	
	2009	**2008**
	$'000	**$'000**
1 to 3 years	–	–
Greater than 3 years	134	134
	134	134

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2009	**2008**
	$'000	**$'000**
Balance at beginning of the year	153	1488
Addition on acquisition of subsidiary	34	–
Provision for impairment recognised	–	165
Receivables written off as uncollectible	–	(814)
Release of provision	–	(686)
Balance at end of the year	**187**	**153**

	Parent entity	
	2009	2008
	$'000	$'000
Balance at beginning of the year	134	1711
Receivables written off as uncollectible	–	(1,577)
Balance at end of the year	**134**	**134**

The amount of the provision for impairment is recognised in the Income Statement 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) Past due but not impaired

The following receivables were past due but not impaired in relation to the Group and the Parent. The Group does not hold any collateral in relation to these receivables.

	Consolidated	
	2009	2008
	$'000	$'000
Up to 3 months	668	22
3 months to 6 months	488	1
	1,156	**23**

There are no amounts past due but not impaired for the Parent entity for either the 2008 or 2009 financial years.

(d) Past due and impaired

The following receivables were impaired in relation to the Group. The Group does not hold any collateral in relation to these receivables.

	Consolidated	
	2009	2008
	$'000	$'000
Up to 3 months	–	–
3 months to 6 months	–	–
Over 6 months	187	153
	187	**153**

	Parent entity	
	2009	2008
	$'000	$'000
Up to 3 months	–	–
3 months to 6 months	–	–
Over 6 months	134	134
	134	**134**

(e) Fair value

The carrying amount of receivables and interest receivable is assumed to approximate their fair value due to their short-term nature, unless otherwise stated.

There is assessed to be no significant difference in the fair values and carrying values of receivables.

(f) Risk exposure

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Further information about the Group's and the Parent entity's exposure to credit risk and interest rate risk is provided in Note 5 Risk Management.

12. Other financial assets

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Fair value through profit or loss (Note 12(a))				
Shares in listed corporations	–	2,780	2,780	–
Certificates of deposit and bank bills	–	150,690	150,690	–
Debt securities	–	200,809	200,809	–
Unlisted unit trusts	3,292	130,243	133,535	–
	3,292	484,522	487,814	–
Available-for-sale				
Available-for-sale investments (Note 12(b))	20,716	–	20,716	1,242
	20,716	–	20,716	1,242
Loans and Other Receivables				
Mortgages (Note 12(c))	–	414	414	–
Loans to Policyholders	–	9,694	9,694	–
Loans to directors of associate entities (Note 12(e))	4,938	–	4,938	–
Loans to directors of controlled entities (Note 12(e))	2,268	–	2,268	–
Loans to executives of related entities (Note 12(e))	1,808	–	1,808	–
Loans to controlled entities	–	–	–	44,739
Other	115	–	115	115
Regulatory deposit (Note 12(d))	69	–	69	–
	9,198	10,108	19,306	44,854
	33,206	494,630	527,836	46,096

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2008				
Fair value through profit or loss				
Shares in listed corporations	5,976	16,722	22,698	–
Certificates of deposit and bank bills	210	101,390	101,600	–
Debt securities	508	251,007	251,515	–
Unlisted unit trusts	968	157,168	158,136	–
	7,662	526,287	533,949	–
Available for sale				
Available-for-sale investment	3,623	–	3,623	3,623
	3,623	–	3,623	3,623
Loans and Other Receivables				
Mortgages (Note 12(c))	–	774	774	–
Loans to Policyholders	–	11,205	11,205	–
Loans to directors of associate entities (Note 12(e))	5,037	–	5,037	–
Loans to directors of controlled entities (Note 12(e))	2,049	–	2,049	–
Loans to executives of related entities (Note 12(e))	1,767	–	1,767	–
Loans to controlled entities	–	–	–	44,159
Subordinated loan receivable from controlled entity	–	–	–	2,818
Other	103	–	103	103
Regulatory deposits (Note 12(d))	87	–	87	–
	9,043	11,979	21,022	47,080
	20,328	538,266	558,594	50,703

(a) Financial assets at fair value through profit and loss

The benefit funds of IOOF Ltd have holdings in the above financial assets that are held for trading and are accounted for at fair value through profit or loss. These assets are required to be reflected in the above Consolidated figures. The market risks associated with these financial assets held by the benefit funds will be borne by the members of those benefit funds, and hence movements in the valuations are reflected in the carrying value of investment contract liabilities and insurance contract liabilities. Consequently the impact of movements in fair value is not reflected in the net profit after tax and the equity of the Group in respect of these investments.

Further information about the Company's exposure to risks arising from other financial assets is provided in Note 5 Risk Management.

(b) Available for sale financial asset

These available for sale investments are carried at fair value. At balance date, an unrealised gain or loss arising from a change in the fair value of these financial assets, other than impairment losses, has been recognised in equity.

The consolidated group holds 13% (2008: 13%) of the fully paid ordinary share capital of MacarthurCook Limited, 6% (2008: nil) of the fully paid ordinary share capital of Tasmanian Perpetual Trustees Limited, 19.97% (2008: nil) of the fully paid ordinary share capital of Australian Ethical Investment Limited, and 19.4% (2008: nil) of the fully paid ordinary share capital of DKN Financial Group Limited.

With reference to the consolidated groups investment in MacarthurCook Limited, refer to Note 46 Events Occurring After The Balance Sheet Date for further information.

(c) Mortgages

Mortgages are stated at fair value and have a fixed interest rate of 7% (2008: 7%). They are expected to mature after 12 months from the financial year end.

(d) Regulatory deposits

$68,449 (2008: $87,200) is held in cash to satisfy Australian Financial Services Licence requirements. This amount is not available for use.

(e) Fair value

Certain loans to directors and executives at a carrying value of $2,275,918 were re–negotiated as being interest–free effective from 1 July 2007. These loans were advanced to Directors and Executives of the Group for the specific purpose of assisting them to acquire an equity interest in a related party, Perennial Value Management Limited.

They have been recognised on that date at fair value, based on discounted expected future flows, and are measured at amortised cost using the effective interest method . The recognised fair value of these loans as at 30 June 2009 was $1,987,039 (2008: $1,826,408).

(f) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be realised within 12 months	1,242	63,412	64,654	1,242
Expected to be realised after 12 months	31,964	431,218	463,182	44,854
	33,206	494,630	527,836	46,096
30 June 2008				
Expected to be realised within 12 months	3,726	58,025	61,751	3,726
Expected to be realised after 12 months	16,602	480,241	496,843	237,582
	20,328	538,266	558,594	241,308

13. Investments accounted for using the equity method

	Consolidated		
	Share-holder	Statutory	Total
	$'000	$'000	$'000
30 June 2009			
Investment in associated companies	10,091	–	10,091
Investments in jointly controlled entities	227	–	227
	10,318	–	10,318
Reconciliation of carrying amounts:			
Balance at beginning of the year	7,260	–	7,260
Additional amounts recognised from business combinations occurring during the period	1,822		1,822
Dividend received	(3,835)	–	(3,835)
Share of operating profit after tax	5,071	–	5,071
Balance at end of the year	10,318	–	10,318
30 June 2008			
Investment in associated companies	7,260	–	7,260
Reconciliation of carrying amounts:			
Balance at beginning of the year	8,369	–	8,369
Dividend received	(8,468)	–	(8,468)
Share of operating profit after tax	7,359	–	7,359
Balance at end of the year	7,260	–	7,260

The Group's share of profit in its equity accounted investees for the year was $5,071,000 (2008: $7,359,000). Investments accounted for using the equity method are incorporated in Australia while their principal activities include investment management, the distribution of investment products and financial planning services. 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.

	Assets	Liabilities	Revenues	Group's Share of Profit/ (Loss)
	$'000	$'000	$'000	$'000
30 June 2009				
Associates	14,159	3,614	23,844	5,076
Jointly Controlled Entity	663	82	43	(5)
	14,822	3,696	23,887	5,071
30 June 2008				
Associates	8,468	2,099	31,024	7,359

(a) At 30 June 2009, Perennial Investment Partners Limited had a 52.4% (30 June 2008: 52.4%) shareholding interest in Perennial Value Management Limited with a 42.4% (30 June 2008: 42.4%) dividend entitlement to the profits of Perennial Value Management Limited. Due to the voting rights associated with different classes of shares in Perennial Value Management Limited, this ownership interest does not result in control. However, Perennial Investment Partners Limited can significantly influence Perennial Value Management Limited under the terms of the agreement between these entities. The principal activity of Perennial Value Management Limited is to act as investment manager.

(b) At 30 June 2009, Bridges Financial Services Group Pty Limited had a 35.0% shareholding interest in Police & Nurses Financial Planning Pty Limited. The principal activity of Police & Nurses Financial Planning Pty Limited is the provision of financial planning services.

(c) At 30 June 2009, Bridges Financial Services Pty Limited had a 20.0% shareholding interest in J C Private Clients Pty Limited. The principal activity of J C Private Clients Pty Limited is the provision of financial planning services.

(d) At 30 June 2009, Bridges Financial Services Pty Limited had a 45.0% shareholding interest in Northern Inland Investment Services Pty Limited. The principal activity of Northern Inland Investment Services Pty Limited is the provision of financial planning services.

14. Other assets

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Prepayments	6,566	–	6,566	11
Deferred acquisition costs	25,086	–	25,086	–
	31,652	–	31,652	11
30 June 2008				
Prepayments	2,176	–	2,176	4,803
Deferred acquisition costs	8,159	–	8,159	–
	10,335	–	10,335	4,803

(a) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be realised within 12 months	14,092	–	14,092	11
Expected to be realised after 12 months	17,560	–	17,560	–

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
	31,652	–	31,652	11
30 June 2008				
Expected to be realised within 12 months	2,197	–	2,197	4,803
Expected to be realised after 12 months	8,138	–	8,138	–
	10,335	–	10,335	4,803

15. Property and equipment

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Office equipment				
Cost	14,132	–	14,132	2
Accumulated depreciation	(7,710)	–	(7,710)	(2)
	6,422	–	6,422	–
Leasehold improvements				
Cost	14,233	–	14,233	76
Accumulated depreciation	(8,060)	–	(8,060)	(76)
	6,173	–	6,173	–
Equipment under finance lease at cost				
Cost	28	–	28	–
Accumulated depreciation	(1)	–	(1)	–
	27	–	27	–
Total property and equipment				
Cost	28,393	–	28,393	78
Accumulated depreciation	(15,771)	–	(15,771)	(78)
	12,622	–	12,622	–

	Consolidated			
	Office Equipment	**Leasehold Improve-ments**	**Equipment Under Finance Lease**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Reconciliation of movements:				
Carrying amount at beginning of the year	2,748	1,559	–	4,307
Additional amounts recognised from business combinations occurring during the period	5,282	5,543	28	10,853
Additions	612	310	–	922
Depreciation	(1,592)	(880)	(1)	(2,473)
Disposals	(41)	–	–	(41)
Impairment of property and equipment	(587)	(359)		(946)
Carrying amount at end of the year	6,422	6,173	27	12,622

	Consolidated			Parent
	Share-holder	**Statutory**	**Total**	
	$'000	**$'000**	**$'000**	**$'000**
30 June 2008				
Office equipment				
Cost	6,090	–	6,090	2
Accumulated depreciation	(3,342)	–	(3,342)	(2)
	2,748	–	2,748	–
Leasehold improvements				
Cost	6,000	–	6,000	76
Accumulated depreciation	(4,441)	–	(4,441)	(76)
	1,559	–	1,559	–
Total property and equipment				
Cost	12,090	–	12,090	78
Accumulated depreciation	(7,783)	–	(7,783)	(78)
	4,307	–	4,307	–

	Consolidated		
	Office Equipment	Leasehold Improve-ments	Total
	$'000	$'000	$'000
Reconciliation of movements:			
Carrying amount at beginning of the year	1,713	1,534	3,247
Additions	1,964	743	2,707
Depreciation	(929)	(718)	(1,647)
Carrying amount at end of the year	2,748	1,559	4,307

	Parent		
	Office Equipment	Leasehold Improve-ments	Total
	$'000	$'000	$'000
Reconciliation of movements:			
Carrying amount at beginning of the year	58	1,427	1,485
Additions	1	67	68
Disposals/transfers	(45)	(1,207)	(1,252)
Depreciation	(14)	(287)	(301)
Carrying amount at end of the year	–	–	–

16. Tax assets

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Current tax asset	1,962	–	1,962	–
Deferred tax asset	23,774	6,533	30,307	9,098
30 June 2008				
Deferred tax asset	8,678	14,212	22,890	5,371

(a) Deferred tax asset balance comprises temporary differences attributable to:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Employee benefits	9,437	–	9,437	22
Impairment of receivables	51	–	51	40
Provision for legal costs	900	–	900	900
Provisions, accruals and creditors	7,010	–	7,010	462
Fixed assets, computer software and infrastructure projects	2,848	–	2,848	24
Unrealised investment losses	355	6,584	6,939	–
Deferred fee income	4,449	–	4,449	–
Intragroup tax losses (utilised in current year)	7,613	–	7,613	7,365
Other	1,449	17	1,466	285
Deferred tax asset closing balance at 30 June 2009	34,112	6,601	40,713	9,098
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 20)	(10,338)	(68)	(10,406)	–
Net deferred tax asset closing balance at 30 June 2009	23,774	6,533	30,307	9,098
30 June 2008				
Employee benefits	3,458	–	3,458	465
Impairment of receivables	40	–	40	40
Provision for legal costs	841	–	841	840
Provisions, accruals and creditors	2,003	9	2,012	618
Fixed assets, computer software and infrastructure projects	1,147	–	1,147	26
Income tax losses of subsidiaries	3,066	–	3,066	3,385
Unrealised investment losses	247	14,249	14,496	–
Other	344	–	344	–
Deferred tax asset closing balance at 30 June 2008	11,146	14,258	25,404	5,374
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 20)	(2,468)	(46)	(2,514)	(3)
Net deferred tax asset closing balance at 30 June 2008	8,678	14,212	22,890	5,371

(b) Reconciliation of movements:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Carrying amount at beginning of the year	11,146	14,258	25,404	5,374
Recognition of opening balances upon acquisition	19,516	–	19,516	3
Adjustments per income tax return	(145)	(1)	(146)	(7)
Tax losses	4,300	–	4,300	4,300
Credited/(charged) to Income Statement (Note 9)	(87)	(7,656)	(7,743)	(510)
Transfers to/from deferred tax liability	(5)	–	(5)	–
Temporary differences directly attributable to equity	(62)	–	(62)	(62)
Derecognition of deferred tax asset upon sale of subsidiary	(551)	–	(551)	–
Carrying amount at end of the year	34,112	6,601	40,713	9,098
30 June 2008				
Carrying amount at beginning of the year	10,127	466	10,593	4,601
Adjustments to opening balance	1,416	–	1,416	–
Adjustments per income tax return	202	–	202	4
Tax Losses	876	–	876	876
Credit/(Charge) to Income Statement (Note 9)	(1,762)	13,792	12,030	(167)
Transfers to/from deferred tax liability	41	–	41	(186)
Temporary differences directly attributable to equity	–	–	–	246
Write back of deferred tax asset	246	–	246	–
Carrying amount at end of the year	11,146	14,258	25,404	5,374

(c) Maturity:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Recoverable within 12 months	24,294	17	24,311	7,743
Recoverable after 12 months	9,818	6,584	16,402	1,355
	34,112	6,601	40,713	9,098
30 June 2008				
Recoverable within 12 months	6,907	11	6,918	3,830
Recoverable after 12 months	4,239	14,247	18,486	1,544
	11,146	14,258	25,404	5,374

17. Intangible assets

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Computer software and infrastructure projects	8,460	–	8,460	–
Accumulated amortisation	(7,052)	–	(7,052)	–
	1,408	–	1,408	–
Adviser relationships	4,289	–	4,289	–
Accumulated amortisation	(2,729)	–	(2,729)	–
	1,560	–	1,560	–
Goodwill	169,563	–	169,563	–
Accumulated impairment	(4,608)	–	(4,608)	–
	164,955	–	164,955	–
Provisional goodwill and other identifiable intangible assets	586,449	–	586,449	–
	754,372	–	754,372	–

	Consolidated 2009			
	Software & projects	Adviser relation-ships	Goodwill	Provisional Goodwill and other identifiable intangibles
	$'000	$'000	$'000	$'000
Reconciliation of movements				
Carrying amount at beginning of the year	1,457	2,411	163,846	–
Additional amounts recognised from business combinations occurring during the period*	524	–	–	586,449
Additions	338	–	1,109	–
Amortisation	(911)	(851)	–	–
Carrying amount at end of the year	1,408	1,560	164,955	586,449

* These balances includes net book value amounts of intangibles recorded by Australian Wealth Management Limited group on acquisition. Refer to Note 39(b)(iv) business combinations for further information.

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2008				
Computer software and infrastructure projects	7,632	–	7,632	–
Accumulated amortisation	(6,175)	–	(6,175)	–
	1,457	–	1,457	–
Adviser relationships	4,289	–	4,289	–
Accumulated amortisation	(1,878)	–	(1,878)	–
	2,411	–	2,411	–
Goodwill	168,454	–	168,454	–
Accumulated impairment	(4,608)	–	(4,608)	–
	163,846	–	163,846	–
	167,714	–	167,714	

	Consolidated 2008		
	Software & projects	**Adviser relation-ships**	**Goodwill**
	$'000	**$'000**	**$'000**
Reconciliation of movements			
Carrying amount at beginning of the year	993	3,262	192,975
Additions	1,076	–	5,380
Amortisation	(612)	(851)	–
Impairment	–	–	(4,509)
Reversal of previously recognised goodwill	–	–	(30,000)
Carrying amount at end of the year	1,457	2,411	163,846

(b) Amortisation of intangible assets (excluding goodwill)

The following useful lives are used in the calculation of amortisation for intangibles assets other than goodwill.

Computer software and infrastructure projects	3 – 5 years
Adviser relationships	5 years

(b) Goodwill

Provisional goodwill and other identifiable intangible assets

During the period IOOF Holdings Limited was party to two merger transactions. The Australian operations of the Old Mutual Group, operating under the brands Skandia and Intech, were acquired on 6 March 2009. Further, the acquisition of Australian Wealth Management Limited ('AWM') was executed by a scheme of arrangement approved by AWM shareholders at a meeting held on 22 April 2009. The Supreme Court of Victoria approved the scheme on 29 April 2009 giving it legal effect on 30 April 2009.

Provisional goodwill and other identifiable intangibles assets arising from these transactions are calculated under the terms of AASB 3 Business Combinations. As at the date of this report, work was ongoing to finalise the goodwill and other identifiable intangibles as a result of these recent takeover and merger transactions.

The carrying values therefore reasonably represents fair value less costs to sell under the terms of AASB 136 due to the recent proximity of an arms length transaction between knowledgeable and willing parties.

Goodwill

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

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

	Consolidated	
	2009	**2008**
	$'000	**$'000**
Platform management and administration	54,448	54,448
Investment management	11,970	11,970
Perennial group	97,814	96,705
Financial advice and distribution	723	723
	164,955	163,846

Notes to the financial statements (cont'd)

For the year ended 30 June 2009

The recoverable amounts for the relevant CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated to these CGUs. The manner in which IOOF conducts each impairment assessment is discussed below by each relevant CGU.

The Platform Management and Administration units value-in-use was determined using cash flow projections from financial budgets for the year ending 30 June 2010 approved by management. The cash inflows on underlying funds for years two to five have been increased by the observed Australian managed funds annual compounding growth for the period between 2004 to 2009 as a proxy for FUMA growth. Cash outflows for years two to five have been increased at a blended rate of the underlying Australian forecast inflation levels and the applicable Reserve Bank of Australia GDP growth rate. A growth rate of zero has been applied from Year 5 into perpetuity. The growth rates applied do not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used reflects the IOOF Group's pre-tax nominal weighted average cost of capital. Management's assessment of goodwill's value-in-use significantly exceeds the value of goodwill allocated to these CGUs, therefore any significant changes to assumptions used in management's assessment will not result in impairment.

The Investment Management unit value-in-use was determined using cash flow projections from financial budgets for the year ending 30 June 2010 approved by management. The cash inflows on underlying funds for years two to five have been increased by the observed Australian friendly society funds annual compounding growth for the period between 2004 to 2009 as a proxy for FUMA growth. Cash outflows for years two to five have been increased at a blended rate of the underlying Australian forecast inflation levels and the applicable Reserve Bank of Australia GDP growth rate.

A growth rate of zero has been applied from Year 5 into perpetuity. The growth rates applied do not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used reflects the IOOF 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.

In respect of the Perennial Group, goodwill has arisen from the acquisition of equity in Perennial Investment Partners Limited 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 a shareholder agreement. This shareholder agreement involves the executives of Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd.

The Perennial Group units value-in-use was determined using a discounted cash flow projections. With regard to goodwill recognised upon the Perennial Investment Partners Limited equity acquisition the value-in-use was determined using the cash flow projections from financial budgets for the year ending 30 June 2010 approved by management. The cash inflows on underlying funds for years two to five have been increased by the observed Australian managed funds annual compounding growth for the period between 2004 to 2009 as a proxy for FUMA growth. Cash outflows for years two to five have been increased at a blended rate of the underlying Australian forecast inflation levels and the applicable Reserve Bank of Australia GDP growth rate. A growth rate of zero has been applied from Year 5 into perpetuity. The growth rates applied do not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used reflects the IOOF 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, therefore any reasonably possible changes to assumptions used in managements assessment will not result in impairment.

The goodwill recognised in relation to the Group's obligation to acquire shares from Perennial executives under shareholding agreements was determined using cash flow projections from financial budgets for the year ending 30 June 2010 approved by management. Cash inflows leading up to and including year 3 is in accordance with management's expectations given past performance, future expectations and the long term nature of the products while the inflows for years 4 and 5 have been increased at a rate of 5% per annum. Cash outflows for years two to five have been increased at comparable rate to that of the Australian forecast inflation levels. Based on management's expectations given past performance and future expectations a growth rate of 5% has been applied from year 5 into perpetuity. The discount rate used, reflect the entities pre-tax nominal weighted average cost of capital. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated, therefore any changes to assumptions used in management's assessment will not result in impairment. With regard to the Perennial Group unit, Management's assessment of goodwill value-in-use significantly 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.

The Financial Advice and Distribution unit value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit beyond the initial financial budget with no ongoing cash flows expected beyond ten years. The growth rates applied do not exceed the long-term average growth rate for the business in which the CGU operates. Management's assessment of goodwill's value-in-use exceeds the $0.7m recognised for goodwill to this unit, therefore any reasonably possible changes to the assumptions used in management's assessment, will not result in impairment.

18. Payables

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Accounts payable	102,606	1,724	104,330	1,240
Amounts payable to other related parties	1,406	–	1,406	–
Amounts payable to controlled entities	–	–	–	5,840
Tax related payable to controlled entities	–	–	–	12,666
Other creditors – employee entitlements	23,973	–	23,973	65
	127,985	1,724	129,709	19,811
30 June 2008				
Accounts payable	15,318	7,218	22,536	1,542
Amounts payable to other related parties	1,392	–	1,392	30
Tax related payable to controlled entities	–	–	–	4,955
Other creditors – employee entitlements	10,377	–	10,377	784
	27,087	7,218	34,305	7,311

Payables are non-interest bearing and are expected to be paid within 12 months from the financial year end.

Further information about the Group's and the Parent entity's exposure to liquidity risk is provided in Note 5 Risk Management.

19. Borrowings

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Secured and non–traded				
Cash advance facility drawn – Commonwealth Bank of Australia (Note 19(a))	30,500	–	30,500	–
Loan from controlled entity	–	–	–	26,436
Finance lease liabilities (Note 36)	33	–	33	–
	30,533	–	30,533	26,436
30 June 2009				
Secured and non–traded				
Loan from controlled entity	–	–	–	5,000
	–	–	–	5,000

(a) The cash advance facility is provided under an Australian dollar line of credit facility, to which unrestricted access was available at balance date as follows:

	Consolidated	
	2009	2008
	$'000	$'000
Total Cash Advance Facility	45,000	40,000
Used at balance date	30,500	–
Unused at balance date	14,500	40,000

The cash advance facility may be drawn down at any time following the 2 business day accommodation notice required by the lender, Commonwealth Bank of Australia Limited. The facility was amended in May 2009 with a maximum draw down availability of $45m provided all the terms and conditions pertaining to this facility are met. The base interest rate is the Reuters BBSY bid rate for that period on the first day of the period drawn down.

The financial liability under the cash advance facility has a fair value equal to its carrying amount.

Further information about the Group's and the Parent entity's exposure to risks arising from borrowings is provided in Note 5 Risk Management.

20. Tax liabilities

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Current income tax payable	–	–	–	–
Deferred tax liability	–	–	–	–
30 June 2008				
Current income tax payable	8,099	–	8,099	6,875
Deferred tax liability	–	–	–	–

(a) Deferred tax liability comprises temporary differences attributable to:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Unrealised gains	–	8	8	–
Deferred acquisition costs	7,525	–	7,525	–
Prepayments	4	–	4	–
Depreciation	16	–	16	–
Interest receivable	2,565	60	2,625	–
Other	228	–	228	–
Deferred tax liability closing balance at 30 June 2009	10,338	68	10,406	–
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 16)	(10,338)	(68)	(10,406)	–
Net deferred tax liability closing balance at 30 June 2009	–	–	–	–
30 June 2008				
Deferred acquisition costs	2,448	–	2,448	–
Depreciation	1	–	1	–
Interest receivable	14	1	15	–
Other	5	45	50	3
Deferred tax liability closing balance at 30 June 2008	2,468	46	2,514	3
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 16)	(2,468)	(46)	(2,514)	(3)
Net deferred tax liability closing balance at 30 June 2008	–	–	–	–

(b) Reconciliation of movements:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Carrying amount at beginning of the year	2,468	46	2,514	3
Recognition of opening balances upon acquisitions and adjustments	10,552	–	10,552	–
Adjustments per Income tax return	(53)	(5)	(58)	–
(Credited)/charged to Income Statement (Note 9)	(2,624)	27	(2,597)	(3)
Transfers to/from deferred tax asset	(5)	–	(5)	–
Carrying amount at end of the year	10,338	68	10,406	–
30 June 2008				
Carrying amount at beginning of the year	3,121	30,179	33,300	–
Adjustments per Income tax return	190	(28)	162	–
(Credited)/charged to Income Statement (Note 9)	(880)	(30,105)	(30,985)	3
Transfers to/from deferred tax asset	41	–	41	–
Write back of deferred tax liability	(4)	–	(4)	–
Carrying amount at end of the year	2,468	46	2,514	3

(c) Maturity:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Payable within 12 months	5,062	60	5,122	–
Payable after 12 months	5,276	8	5,284	–
	10,338	68	10,406	–
30 June 2008				
Payable within 12 months	625	46	671	–
Payable after 12 months	1,843	–	1,843	3
	2,468	46	2,514	3

21. Provisions

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Employee entitlements	12,636	–	12,636	8
Directors' retirement	594	–	594	594
Restructuring and termination costs	3,455	–	3,455	50
Deferred settlement	1,699	–	1,699	–
Surplus lease space	1,724	–	1,724	–
Other provisions	5,073	–	5,073	3,172
	25,181	–	25,181	3,824
30 June 2008				
Employee entitlements	3,959	–	3,959	42
Directors' retirement	726	–	726	726
Other provisions	4,899	–	4,899	3,358
	9,584	–	9,584	4,126

(a) Description of provisions

Directors' Retirement

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.

Surplus Lease Space

The provision for surplus lease space 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 between nine months and one year.

Other provisions

Provisions have been made for the present value of the Directors' best estimates of legal settlements. Litigation is in progress against the Company relating to disputes regarding the sale of businesses. 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.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee entitlements, are set out below:

	Consolidated					
	Employee entitle-ments	**Directors' retirement**	**Restruct-uring and termin-ation costs**	**Deferred settlement**	**Surplus lease space**	**Other provisions**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at beginning of the year	3,959	726	79	–	–	4,820
Additional provisions recognised	2,940	65	3,125	–	1,262	678
Additional amounts recognised from business combinations occurring during the period	5,771	–	330	1,699	462	824
Payments made	–	(197)	–		–	(408)
Released from provision	(34)	–	(79)	–	–	(841)
Balance at end of the year	12,636	594	3,455	1,699	1,724	5,073

	Parent			
	Employee entitle-ments	**Directors' retirement**	**Restruct-uring and termin-ation costs**	**Other provisions**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of the year	42	726	–	3,358
Additional provisions recognised	–	65	50	256
Payments made	(34)	(197)	–	(442)
Balance at end of the year	8	594	50	3,172

(c) Maturity:

	Consolidated			Parent
	Share-holder	**Statutory**	**Total**	
	$'000	**$'000**	**$'000**	**$'000**
30 June 2009				
Payable within 12 months	10,251	–	10,251	3,221
Payable after 12 months	14,930	–	14,930	603
	25,181	–	25,181	3,824
30 June 2008				
Payable within 12 months	4,899	–	4,899	3,358
Payable after 12 months	4,685	–	4,685	768
	9,584	–	9,584	4,126

22. Other financial liabilities

	Consolidated			Parent
	Share-holder	**Statutory**	**Total**	
	$'000	**$'000**	**$'000**	**$'000**
30 June 2009				
Share buy-back liabilities	16,386	–	16,386	–
30 June 2008				
Share buy-back liabilities	25,125	–	25,125	–

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.

23. Deferred revenue

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Deferred revenue liability	11,330	–	11,330	–
Deferred commission income	12,063	–	12,063	–
	23,393	–	23,393	–
30 June 2008				
Deferred revenue liability	4,163	–	4,163	–

(a) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be realised within 12 months	7,605	–	7,605	–
Expected to be realised after 12 months	15,788	–	15,788	–
	23,393	–	23,393	–
30 June 2008				
Expected to be realised within 12 months	833	–	833	–
Expected to be realised after 12 months	3,330	–	3,330	–
	4,163	–	4,163	–

24. Investment contract liabilities

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Member liabilities – other investment contracts	–	359,479	359,479	–
30 June 2008				
Member liabilities – other investment contracts	–	471,438	471,438	–

(a) Reconciliation of movements in investment contract liabilities:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Investment contract liabilities at beginning of the year	–	471,438	471,438	–
Distribution to policy holders	–	(63,836)	(63,836)	–
Investment contract contributions	–	20,337	20,337	–
Investment contract withdrawals	–	(68,460)	(68,460)	–
Investment contract liabilities at end of the year	–	359,479	359,479	–
30 June 2008				
Investment contract liabilities at beginning of the year	–	519,644	519,644	–
Distribution to policy holders	–	(37,466)	(37,466)	–
Investment contract contributions	–	51,579	51,579	–
Investment contract withdrawals	–	(62,319)	(62,319)	–
Investment contract liabilities at end of the year	–	471,438	471,438	–

(b) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be paid within 12 months	–	46,373	46,373	–
Expected to be paid after 12 months	–	313,106	313,106	–
	–	359,479	359,479	–
30 June 2008				
Expected to be paid within 12 months	–	54,215	54,215	–
Expected to be paid after 12 months	–	417,223	417,223	–
	–	471,438	471,438	–

25. Insurance contract liabilities

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Policyholder liabilities – investment contracts with DPF	–	466,198	466,198	–
Policy liabilities ceded under reinsurance	–	329	329	–
	–	466,527	466,527	–
30 June 2008				
Policyholder liabilities – investment contracts with DPF	–	495,050	495,050	–
Policy liabilities ceded under reinsurance	–	343	343	–
	–	495,393	495,393	–

(a) Reconciliation of movements in policyholder liabilities:

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Insurance contract liabilities at beginning of the year	–	495,393	495,393	–
Net increase in life insurance contract policy liabilities	–	12,449	12,449	–
Life insurance contract contributions	–	27,897	27,897	–
Life insurance contract withdrawals	–	(69,212)	(69,212)	–
Insurance contract liabilities at end of the year	–	466,527	466,527	–
30 June 2008				
Insurance contract liabilities at beginning of the year	–	534,566	534,218	–
Net increase in life insurance contract policy liabilities	–	11,168	11,168	–
Life insurance contract contributions	–	20,680	20,680	–
Life insurance contract withdrawals	–	(71,021)	(71,021)	–
Insurance contract liabilities at end of the year	–	495,393	495,393	–

(b) Maturity

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Expected to be paid within 12 months	–	59,207	59,207	–
Expected to be paid after 12 months	–	407,320	407,320	–
	–	466,527	466,527	–
30 June 2008				
Expected to be paid within 12 months	–	49,509	49,509	–
Expected to be paid after 12 months	–	445,884	445,884	–
	–	495,393	495,393	–

26. Outside interest in controlled trusts

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Outside interest in controlled trusts	–	143,703	143,703	–
30 June 2008				
Outside interest in controlled trusts	3,349	137,860	141,209	–

The IOOF Shareholder group lost control over the Perennial Partners Trust during the financial year. Units within the Perennial Partners Trust were acquired in April 2008 giving the IOOF group 56.6% ownership interest in the Trust. During the financial year, IOOF sold approximately 2 million units in this trust, taking its ownership interest to 29.3% at 30 June 2009.

Notes to the financial statements (cont'd)

For the year ended 30 June 2009

27. Contributed equity

		Consolidated			Parent
	Number of Shares	Share-holder $'000	Statutory $'000	Total $'000	$'000
30 June 2009					
Ordinary Shares (Note 27(a))					
Balance at beginning of the year	68,821,801	218,637	–	218,637	218,637
Issued during the year via the scheme of arrangement	160,730,273	634,885	–	634,885	634,885
Issued to General Staff Share Plan	83,538	322	–	322	322
Converted Redeemable Preference Shares To Ordinary Shares	158,783	1,263		1,263	1,263
Balance at end of the year	229,794,395	855,107	–	855,107	855,107
Treasury Shares (Note 27(b))					
Balance at beginning of the year	(722,819)	(4,701)	–	(4,701)	–
Employee shares vested during the year (Note 28)	791,597	4,973	–	4,973	–
Shares held by subsidiary upon acquisition (Note 27(b))	(1,460,632)	(5,769)	–	(5,769)	–
Balance at end of the year	(1,391,854)	(5,497)	–	(5,497)	–
Redeemable Converting Preference Shares (Note 27(c))					
Balance at beginning of the year	176,012	1,400	–	1,400	1,400
Converted to ordinary shares during the year	(158,783)	(1,263)	–	(1,263)	(1,263)
Forfeiture of Redeemable Converting Preference Shares during the year	(17,229)	(137)		(137)	(137)
Balance at end of the year	–	–	–	–	–
30 June 2008					
Ordinary Shares (Note 27(a))					
Balance at beginning of the year	64,573,768	179,030	–	179,030	179,030
Issued during the year via share placement	4,210,527	38,974	–	38,974	38,974
Issued to General Staff Share Plan	37,506	326	–	326	326
Deferred tax benefit on equity raising costs	-	307	–	307	307
Balance at end of the year	68,821,801	218,637	–	218,637	218,637
Treasury Shares (Note 27(b))					
Balance at beginning of the year	(828,869)	(5,346)	–	(5,346)	–
Employee shares vested during the year (Note 28)	106,063	711	–	711	–
On-market purchase during the year	(13)	(66)	–	(66)	–
Balance at end of the year	(722,819)	(4,701)	–	(4,701)	–

	Number of Shares	Consolidated Share-holder $'000	Consolidated Statutory $'000	Consolidated Total $'000	Parent $'000
Redeemable Converting Preference Shares (Note 27(c))					
Balance at beginning of the year	176,012	1,400	–	1,400	1,400
Issued during the year	–	–	–	–	–
Balance at end of the year	176,012	1,400	–	1,400	1,400

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. This is subject to the prior entitlements of redeemable converting preference shares.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The company issued 160,730,273 fully paid ordinary shares under the Scheme of Arrangement to acquire the interests of Australian Wealth Management Ltd.

(b) Treasury shares

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

Australian Wealth Management Ltd ('AWM') held 1,460,632 shares in IOOF Holdings Ltd immediately prior to the merger of the Groups. Under s.259D of the Corporations Act, AWM may not continue to own the IOOF shares for a period of more than 12 months. It is intended that the IOOF shares held by AWM will be either cancelled or sold on-market over the 12 month period following the merger. Until such time this occurs, these IOOF Shares are treated as treasury shares.

(c) Redeemable converting preference shares

Part of the consideration on the purchase of Financial Partnership Pty Ltd was the issue of redeemable converting preference (RCP) shares to the vendors. The shares were issued to FP Nominees Pty Ltd as trustee of the Financial Partnership Advisers Trust and were notionally allocated to nominated advisers. The RCP shares converted to ordinary shares on 30 April 2009. Prior to conversion, the RCP shares were entitled to an amount equal to any dividend declared in respect of ordinary shares. On winding up of the company, holders of the RCP shares were entitled to a return of the redemption price before any return of capital is made to holders of ordinary shares.

(d) Options

Information relating to options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 37.

(e) Share buy-back

During February 2008, the company announced an on-market buy-back program for the purchase of up to 2,000,000 of its issued ordinary shares over a 12 month period. This on-market buy-back program was commenced for ongoing capital management purposes. In November 2008, the Company cancelled the on-market share buy-back program. No shares were bought back under this program.

(f) Capital risk management

The Group's and the Parent entity'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 Parent entity 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;
- related unit trusts, as investments; and
- related 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 IOOF 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. 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 Holdings 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 2009, the Group's capital risk management strategy was unchanged from 2008.

Further information in relation to solvency requirements imposed by the *Life Insurance Act 1995* is provided in Note 45(f) Life Insurance Business – Solvency Requirements.

28. Reserves

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Reserves				
Asset revaluation reserve	1,071	–	1,071	–
Available-for-sale investment revaluation reserve	410	–	410	759
Share-based payments reserve	4,658	–	4,658	7,642
	6,139	–	6,139	8,401
Movements:				
Asset revaluation reserve				
Balance at beginning of the year	1,071	–	1,071	–
Amount recognised during the year	–	–	–	–
Balance at end of the year	1,071	–	1,071	–
Available-for-sale investment revaluation reserve				
Balance at beginning of the year	(345)	–	(345)	(345)
Amount recognised during the year	755	–	755	1,104
Balance at end of the year	410	–	410	759
Share-based payments reserve				
Balance at beginning of the year	4,714	–	4,714	4,528
Amount recognised during the year	4,917	–	4,917	5,080
Amount transferred in from a subsidiary acquired	–	–	–	3,564
Shares vested during the year (Note 27)	(4,973)	–	(4,973)	(5,530)
Balance at end of the year	4,658	–	4,658	7,642
30 June 2008				
Reserves				
Asset revaluation reserve	1,071	–	1,071	–
Available-for-sale investment revaluation reserve	(345)	–	(345)	(345)
Share-based payments reserve	4,714	–	4,714	4,528
	5,440	–	5,440	4,183

	Consolidated			Parent
	Share-holder $'000	Statutory $'000	Total $'000	$'000
Movements:				
Asset revaluation reserve				
Balance at beginning of the year	1,071	–	1,071	–
Amount recognised during the year	–	–	–	–
Balance at end of the year	1,071	–	1,071	–
Available-for-sale investment revaluation reserve				
Balance at beginning of the year	–	–	–	–
Amount recognised during the year	(345)	–	(345)	(345)
Balance at end of the year	(345)	–	(345)	(345)
Share-based payments reserve				
Balance at beginning of the year	2,698	–	2,698	2,554
Amount recognised during the year	2,727	–	2,727	2,685
Shares vested during the year (Note 27)	(711)	–	(711)	(711)
Balance at end of the year	4,714	–	4,714	4,528

Nature and purpose of reserves

Asset revaluation reserve

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.

Available-for-sale investment revaluation reserve

The available-for-sale investment revaluation reserve has arisen on the change in fair value of financial assets. The Directors believe that the change in the fair value of the asset is not a significant or prolonged decline in the fair value but rather one of a temporary nature and has therefore recognised the change within this equity reserve.

Share-based payments reserve

The share-based payments reserve is used to recognise:

- the fair value of options issued to employees but not exercised; and
- the fair value of shares issued to employees.

29. Retained profits

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Retained Profits				
Balance at beginning of the year	8,977	2,101	11,078	23,735
Net profit attributable to equity holders of IOOF Holdings Ltd	15,456	391	15,847	46
Forfeiture of redeemable converting preference shares during the year	137	–	137	137
Dividends paid	(10,272)	–	(10,272)	(10,350)
Balance at end of the year	14,298	2,492	16,790	13,568
30 June 2008				
Retained Profits				
Balance at beginning of the year	9,808	497	10,305	17,407
Net profit attributable to equity holders of IOOF Holdings Ltd	21,736	1,604	23,340	29,091
Dividends paid	(22,567)	–	(22,567)	(22,763)
Balance at end of the year	8,977	2,101	11,078	23,735

30. Minority interest

	Consolidated			Parent
	Share-holder	Statutory	Total	
	$'000	$'000	$'000	$'000
30 June 2009				
Minority interest	7,919	–	7,919	–
30 June 2008				
Minority interest	724	–	724	–

31. Dividends

	Parent	
	2009	2008
	$'000	$'000
Final dividend for the year ended 30 June 2008 of 15 cents (2007 – 18 cents) per ordinary share fully franked at the rate of 30%, paid 9 October 2008.	10,350	12,413
Interim dividend for the year ended 30 June 2009 of nil cents (2008 – 15 cents) per ordinary share fully franked at the rate of 30%.	–	10,350

On 7 July 2009, the Directors declared a special dividend of 13 cents (2008 – nil cents) per ordinary share fully franked at 30% tax rate, paid 31 July 2009. The total special dividend payment amounted to $29,877,000. The financial effect of this special dividend has not been brought to account for the year ended 30 June 2009, rather will be reflected within the subsequent financial year.

In addition to the above dividends and since the end of the financial year the directors have recommended the payment of a final dividend in respect of the year ended 30 June 2009 of 4 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid in November 2009.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%).	39,941	25,994	39,941	24,118

The above amounts represent the balance of franking account as at the end of the financial year, adjusted for :

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

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of controlled entities were paid as dividends.

The impact on the franking account of the dividend declared and paid by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $16,744,000 (2008: $4,140,000).

32. Auditors' remuneration

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

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Auditing the financial reports				
KPMG				
Parent entity	401,944	–	218,264	–
Controlled entities	552,485	–	–	–
Other related parties	500,000	–	–	–
	1,454,429	–	218,264	–
Deloitte Touche Tohmatsu				
Parent entity	–	–	–	–
Controlled entities	684,800	–	–	–
Other related parties	347,500	–	–	–
	1,032,300	–	–	–
PriceWaterhouse Coopers				
Parent entity	–	286,738	–	286,738
Controlled entities	–	267,097	–	–
Other related parties	–	1,013,204	–	–
	–	1,567,039	–	286,738
Other services				
KPMG				
Audit of regulatory returns	257,000	–	–	–
	257,000	–	–	–
Deloitte Touche Tohmatsu				
Audit of regulatory returns	219,900	–	–	–
	219,900	–	–	–
PriceWaterhouse Coopers				
Audit of regulatory returns	–	418,090	–	2,511
	–	418,090	–	2,511

Notes to the financial statements (cont'd)

For the year ended 30 June 2009

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

The above includes total fees paid or payable to the Group's lead auditor, KPMG and to Deloitte Touche Tohmatsu as auditor of various controlled subsidiaries for the year ended 30 June 2009. The fees paid or payable to Deloitte Touche Tohmatsu includes amounts paid or payable by Australian Wealth Management Limited for services provided in relation to audit services provided to controlled subsidiaries of AWM for the financial year ended 30 June 2009.

The Board of Directors has considered the policy regarding use of its auditors for non-audit services in the context of CLERP 9 and in accordance with the advice received from the Audit Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

33. Earnings per share

	Consolidated	
	2009	**2008**
	Cents	**Cents**
Basic earnings per share	16.7	34.2
Diluted earnings per share	16.5	33.8
Reconciliations of earnings used in calculating earnings per share	**$'000**	**$'000**
Profit after income tax	16,952	26,054
Profit loss attributable to minority interests	(1,105)	(2,714)
Dividends on redeemable converting preference shares	–	(51)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	15,847	23,289
Profit impact of assumed conversions – dividend on redeemable converting preference shares	–	51
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	15,847	23,340

	Consolidated	
	2009	2008
Weighted average number of shares used in the calculation of earnings per share	**Number**	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	95,151,212	68,161,896
Adjustments for calculation of diluted earnings per share:		
Unvested shares held in IOOF Executive Performance Share Plan Trust	381,037	574,074
Treasury shares recognised upon the acquisition of subsidiary	217,684	-
Redeemable converting preference shares	146,596	176,012
Unvested shares granted to advisers	170,893	77,976
Options (1)	72,821	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**96,140,243**	**68,989,958**

(1) Certain options granted are not included in the determination of diluted earnings per share because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future. Further information in relation to options can be found in the Remuneration Report contained in the Directors' Report.

34. Contingencies

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Contingent Liabilities				
Rental bond guarantees	5,768	978	514	978
ASX settlement bond guarantee	500	–	–	–
ASIC bond guarantees	120	–	–	–
Underwriting commitments	1,350	–	–	–
	7,738	978	514	978

Estate and trustee operations

Australian Executor Trustees Limited, a subsidiary of IOOF Holdings Limited, is currently defending claims brought against it in its capacity as trustee of estates and superannuation funds. In aggregate these total approximately $50,000. Professional indemnity insurance cover is held to meet any professional liabilities that may arise for individual claims above the applicable excess, in aggregate the Group would unlikely be liable for this claim.

Financial advice division

Bridges Financial Services Pty Limited, a subsidiary of IOOF Holdings Limited, is currently defending complaints made against the company in its capacity as Australian Financial Services Licensee. In aggregate these total less than $525,000. 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 $275,000 of these claims.

Buyer of last resort facility

Bridges Financial Services Pty Limited, a subsidiary of IOOF Holdings Limited, and IOOF Holdings Limited 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 the parties over a predetermined period. Where agreement with Bridges Financial Services Pty Limited or IOOF Holdings Limited is not reached, the market value is to be determined by an independent expert.

As at 30 June 2009, neither Bridges Financial Services Pty Limited nor IOOF Holdings Limited had received any requests from planners that satisfy the specific requirements to exercise its obligation.

Other contingent liabilities exist in relation to matters of litigation and/or possible litigation 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 consolidated entity 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.

The IOOF Group does not have any other contingent liabilities of a material nature which have not already been dealt with in these financial statements.

Contingent Asset

IOOF Transition 3 Pty Limited (formerly Old Mutual Asset Management Australia Pty Limited) sold its interest in Intech Pty Ltd and its subsidiaries Intech Fiduciaries Ltd and Intech Research Pty Ltd. An additional cash consideration of up to $500,000 will be receivable by the Group where certain conditions are met. The contingent asset has not been recognised as a receivable at 30 June 2009 as the amount is dependent on future performance over the period from 1 July 2009 to 30 June 2011 and cannot be reliably measured at this stage.

35. Capital commitments

The Group does not have any non-cancellable capital expenditure commitments not already recognised or provided for.

36. Other commitments

Finance leases

The Group has a number of finance leases relating to office equipment with lease terms of up to 5 years. The Group has options to purchase this equipment at the conclusion of the lease agreements.

	Present value of minimum future lease payments			
	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
No later than 1 year	128	–	–	–
Later than 1 year and not later than 5 years	86	–	–	–
Present value of minimum lease payments*	214	–	–	–

	Minimum future lease payments			
	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
No later than 1 year	132	–	–	–
Later than 1 year and not later than 5 years	90	–	–	–
Minimum lease payments*	222	–	–	–
Less future finance charges	(8)	–	–	–
Present value of minimum lease payments	214	–	–	–

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
not later than one year	14,094	4,564	–	2,587
later than one year, not later than five years	19,640	5,511	–	4,136
later than five years	2,602	18	–	–
	36,336	10,093	–	6,723

The Group leases a number of office premises under non-cancellable operating leases expiring between one month to six 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 5 years. The terms of some of these leases provided the Group with the option to purchase this equipment at the conclusion of these lease agreements.

37. Key management personnel

(a) Details of compensation

AASB 124 Related Party Disclosures defines Key Management Personnel (KMP) as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The following is a list of all Non-Executive and Executive Directors, CEO and other KMP of IOOF Holdings Ltd who held office during the year:

Name	Position	Employer
Non-Executive Directors		
Mr I Blair	Chairman	
Dr R Sexton	Deputy Chairman	
Mr R Harper (to 30 April 2009)	Non-executive director	
Ms J Harvey	Non-executive director	
Mr J Pfeiffer	Non-executive director	
Ms K Spargo (to 30 April 2009)	Non-executive director	
Mr G Venardos (from 30 April 2009)	Non-executive director	
Executive Directors		
Mr I Griffiths (from 30 April 2009)	Executive Director	Australian Wealth Management Service Co Pty Ltd
Mr C F Kelaher (from 30 April 2009)	Managing Director	Australian Wealth Management Service Co Pty Ltd
Mr A D Robinson (to 30 April 2009)	Chief Executive Officer	IOOF Holdings Ltd
Key Management Personnel		
Mr S Abley	Head of Consultum Financial Advisers	IOOF Services Pty Ltd
Mr J Billington	General Manager – Portfolio Solutions	IOOF Services Pty Ltd
Mr M Blackburn (to 8 May 2009)	Chief Financial Officer	IOOF Holdings Ltd
Mr M Carter (from 30 April 2009)	Head of Wealth Management Division	Australian Wealth Management Service Co Pty Ltd
Mr M Crivelli (KMP to 30 April 2009)	Executive Chairman – Perennial Investment Partners Limited	Perennial Investment Partners Limited
Mr A Hodges (Executive Director to 30 April 2009)	Managing Director – Investor Solutions	IOOF Services Pty Ltd
Mr J Jodlowski (from 30 April 2009)	General Manager Investments	Australian Wealth Management Service Co Pty Ltd
Mr A McLachlan (from 30 April 2009)	CEO Private Client	Australian Wealth Management Service Co Pty Ltd
Mr R Mota	General Manager – Investor Solutions	IOOF Services Pty Ltd
Mr A Patterson	Managing Director – Perennial Investment Partners Limited	Perennial Investment Partners Limited
Mr D Coulter (from 29 May 2009)	Acting Chief Financial Officer	IOOF Services Pty Ltd

Unless noted the above persons were key management persons for all of the year ended 30 June 2009.

Key Management Personnel Compensation

	Consolidated		Parent	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Short-term employee benefits	5,560,196	4,982,056	1,043,792	1,224,938
Post-employment benefits	508,194	493,857	110,494	206,923
Other long-term benefits	263,126	539,361	3,399	10,977
Termination benefits	1,085,024	–	332,464	–
Share-based payments	2,697,823	1,388,156	231,840	597,266
Total	10,114,363	7,403,430	1,721,989	2,040,104

The above disclosure is a proportion of total compensation based on the percentage of time spent in relation to IOOF Holdings Ltd.

Share-based payments provided to the Company's employees are shares in IOOF Holdings Ltd.

Further detailed remuneration information can be found in the Remuneration Report contained in the Directors' Report.

(b) Equity holdings and transactions for ordinary shareholdings in the Company relating to KMP

i) Options

Further detailed remuneration information in relation to options can be found in the Remuneration Report contained in the Directors' Report.

ii) Share holdings

The number of ordinary shares in the company held during the financial year by each director of IOOF Holdings Ltd and other KMP of the consolidated entity, including their personally related entities, are set out below:

Equity holdings and transactions for ordinary shareholdings in the Company relating to KMP

Name		Balance of shareholding at start of the year	Ordinary shares vested or salary sacrificed during period as remuneration Note 37(b)(1)	Change as result of other transactions	Balance of shareholding at end of the year(5)
		Number	Number	Number	Number
Directors					
Mr I Blair	2009	18,520	6,695	–	25,215
	2008	15,289	3,231	–	18,520
Mr I Griffiths (from 30 April 2009)(3)	2009	–	–	4,626,695	4,626,695
Ms J Harvey	2009	3,364	3,021	–	6,385
	2008	1,350	2,014	–	3,364
Mr C Kelaher (from 30 April 2009)(3)	2009	–	–	4,916,415	4,916,415
Mr J Pfeiffer	2009	8,946	10,537	–	19,483
	2008	2,888	6,058	–	8,946
Mr A Robinson (to 30 April 2009)(2)	2009	7,500	150,000	(157,500)	–
	2008	7,500	–	–	7,500
Dr R Sexton	2009	19,220	5,619	–	24,839
	2008	15,989	3,231	–	19,220
Ms K Spargo (to 30 April 2009)(2)	2009	7,470	2,347	(9,817)	–
	2008	5,855	1,615	–	7,470
Mr G Venardos (from 30 April 2009)(3)	2009	–	–	15,013	15,013
Other Key Management Personnel of the Group					
Mr S Abley	2009	4,015	5,820	–	9,835
	2008	–	4,015	–	4,015
Mr M Blackburn (to 8 May 2009)(2)	2009	38,130	233,901	(272,031)	–
	2008	1,800	36,330	–	38,130
Mr M Crivelli (to 30 April 2009)(2)	2009	9,534	–	(9,534)	–
	2008	9,534	–	–	9,534
Mr A Hodges (Executive Director to 30 April 2009)	2009	434,280	38,358	–	472,638
	2008	408,769	25,511	–	434,280
Mr D Coulter (from 29 May 2009)(4)	2009	–	–	238	238
Mr J Jodlowski (from 30 April 2009)(4)	2009	–	–	333,814	333,814
Mr A McLachlan (from 30 April 2009)(4)	2009	–	–	95	95

Name		Balance of shareholding at start of the year	Ordinary shares vested or salary sacrificed during period as remuneration Note 37(b)(1)	Change as result of other transactions	Balance of shareholding at end of the year(5)
		Number	Number	Number	Number
Mr M Carter (from 30 April 2009)(4)	2009	–	–	26,938	26,938
Mr R Mota	2009	3,878	6,066	–	9,944
	2008	3,878	–	–	3,878
Mr A Patterson	2009	430	–	–	430
	2008	430	–	–	430

(1) Ordinary shares vested during the current year may include shares related to performance incentives accruing to previous years. Although vested, the shares may not have yet been released from the Executive Performance Share Plan Trust during the period.

(2) Mr Robinson, Ms Spargo and Mr Blackburn ceased employment with the company during the financial year. Mr Crivelli ceased to be a KMP of the group as at 30 April 2009. Consequently, a shareholding of nil has been disclosed at 30 June 2009.

(3) Mr Kelaher, Mr Griffiths and Mr Venardos were appointed as a Director of the Group on 30 April 2009 therefore their opening shareholding disclosed above is nil.

(4) Mr Jodlowski, Mr McLachlan, Mr Carter and Mr Coulter were considered to be KMP of the Group during the year therefore their opening shareholding disclosed above is nil.

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

Equity holdings and transactions for ordinary shareholdings in subsidiary companies

The number of shares in Perennial Investment Partners Asia Limited held during the financial year by each director and other KMP of the consolidated entity, including their personally related entities, are set out below:

Name		Balance of shareholding at start of year	Net change as result of other transactions	Balance of shareholding at end of year
		Number	Number	Number
Other Key Management Personnel of the Group				
Mr M Crivelli (to 30 April 2009)	2009	5,000	–	5,000
	2008	5,000	–	5,000

Equity holdings and transactions for ordinary shareholdings in other related parties

The number of shares in Perennial Value Management Limited held during the financial year by each director and other KMP of the consolidated entity, including their personally related entities, are set out below:

Name		Balance of shareholding at start of year Number	Net change as result of other transactions Number	Balance of shareholding at end of year Number
Other Key Management Personnel of the Group				
Mr A Patterson (Class B)	2009	482	–	482
	2008	450	32	482
Mr A Patterson (Class C)	2009	340	–	340
	2008	340	–	340

(c) Loans to Key Management Personnel

Details of loans made to directors of IOOF Holdings Ltd, specified executives of the consolidated entity and other KMP, including their personally related entities, are set out below:

Aggregates for Key Management Personnel

Name	Balance of loans at start of the year $	Interest paid and payable $	Balance of loans at end of year $	Number of individuals within group at end of the year
Other Key Management Personnel of the Group				
2009	1,562,721	41,634	1,571,971	1
2008	1,155,624	249,574	1,562,721	1

Individuals with loans above $100,000 during the financial year

Name		Balance of loans at start of the year $	Interest paid and payable $	Balance of loans at end of year $	Highest indebtedness during the year
Other Key Management Personnel of the Group					
Mr A Patterson[1]	2009	1,562,721	41,634	1,571,971	1,584,284
	2008	1,155,624	249,574	1,562,721	1,804,730

Terms and Conditions of Loans Issued

(1) Amounts outstanding as at 30 June 2009, include a loan advanced in 2004 to assist Mr Patterson acquire shares in Perennial Value Management Limited, an associated entity of the IOOF Group. This 2004 loan to Mr Patterson for the amount of $925,650 was renegotiated during the 2008 financial year and became an interest free loan effective from 1 July 2007. All other terms and conditions remain unchanged.

During the 2008 financial year, additional amounts were advanced to Mr Patterson for the specific purpose of assisting him to acquire additional equity in Perennial Value Management Limited from a departing executive of that entity. Mr Patterson is permitted to discharge this loan by transferring the shares acquired to the lender. This interest bearing loan was made on commercial terms and conditions.

(d) Other transactions with Key Management Personnel

During the year KMP and their personally related entities may have entered into transactions with the disclosing entity or its subsidiaries. Unless noted, all of these transactions occur within a normal employee, customer or supplier relationship at arms length. Information about such transactions does not have the potential to impact decisions made by the users of this financial report.

38. Related party disclosures

(a) Identities of Controlled and Related Parties

The ownership interest in controlled entities is set out in Note 41.

Associated and Jointly Controlled entities are detailed in Note 13.

Other related parties were:

IOOF unit trusts including IOOF superannuation products and IOOF Benefit Funds.

Directors and KMP are defined together with any compensation paid to are set out in Note 37.

(b) Transactions with Controlled Entities

The following related party transactions occurred between entities in the IOOF Holdings Ltd Group during the year:

- payment of management fees on normal terms and conditions;
- provision of administrative services to and from controlled entities based on cost and/or agreed charges. Services include accounting, secretarial, payroll, taxation, group management, legal, computer and investment management;
- provision of office accommodation on normal terms and conditions;
- reimbursement of expenses and disbursements made on behalf of controlled entities;
- loan facilities made at market rates; and
- subscription of shares in controlled entities.

(c) Other transactions with related parties

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Investments in related party trusts:				
IOOF Unlisted Unit Trusts – related party	448,092,121	530,541,836	105,257	2,077,002
Number of units held : 569,515,108 (2008: 492,297,805)				
Aggregate amounts included in the determination of profit from ordinary activities before related income tax that resulted from transactions with related parties as disclosed in Note 6 to Note 8:				
Receipt of management fees from:				
Benefit funds	15,043,898	18,074,001	–	–
Associated entity	1,946,299	2,083,116	–	–
Related entities	8,802,019	5,949,009	–	–
Receipt of service fees from controlled entities	–	–	3,744,421	13,745,198
Receipt of interest revenue from:				
Directors and Executives of subsidiaries	178,409	109,460	–	–
Other related parties	266,801	131,970	2,558,489	3,167,662
Receipt of dividends from:				
Controlled entities	–	–	15,368,229	29,249,546
Payment of commission and management fees to:				
Related party	2,503,890	29,554	–	–
Associated entity	8,975,518	13,486,759	–	–
Benefit funds	12,927,734	15,738,395	–	–
Payment of service fees to controlled entities	–	–	2,744,673	4,849,277
Amounts receivable from controlled entities	–	–	33,646	3,384,615
Amounts receivable from related parties	12,925,647	14,826,300	–	9,050
Interest receivable – related parties	138,311	46,758	–	–
Tax related receivable from controlled entities	–	–	5,677,620	9,903,592
Amounts payable to controlled entities	–	–	5,839,295	–
Amounts payable to other related parties	1,405,570	1,391,587	–	29,795
Tax related payable to controlled entities	–	–	12,665,936	4,954,950

(d) Unsecured loans to Directors of IOOF Holdings Ltd, subsidiaries and related entities

		Consolidated		Parent	
		2009	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
The aggregate value of loans to Directors of the IOOF Group made by the IOOF Group as at balance date amounted to:					
Directors of associated entities from IOOF Group	(d) (i)	5,037,011	5,037,011	–	–
Directors of controlled entities from IOOF Group	(d) (ii)	2,385,691	2,385,691	–	–
		7,422,702	7,422,702	–	–
Interest revenue of the IOOF Group on loans to :					
Directors of associated entities from IOOF Group		265,730	131,970	–	–
Directors of controlled entities from IOOF Group		91,665	40,122	–	–
		357,395	172,092	–	–
Loans made to Directors of the IOOF Group during the year:					
Directors of associated entities from IOOF Group		–	4,246,830	–	–
Directors of controlled entities from IOOF Group		–	1,460,040	–	–
		–	5,706,870	–	–
Interest repaid on loans from IOOF Group during the year:					
Directors of associated entities from IOOF Group		–	318,738	–	–
Directors of controlled entities from IOOF Group		–	269,695	–	–
		–	588,433	–	–
Interest written off on loans to Directors from IOOF Group:					
Directors of associated entities from IOOF Group		886	896	–	–
		886	896	–	–
Interest receivable balance on loans to Directors from IOOF Group as at balance date:					
Directors of associated entities as at balance date		75,431	13,581	–	–
Directors of controlled entities as at balance date		42,960	8,619	–	–
		118,391	22,200	–	–
Loans to Directors from IOOF Group repaid during the year:					
Directors of controlled entities from IOOF Group		–	134,560	–	–
		–	134,560	–	–

(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 Limited and IOOF Investment Management Ltd for the specific purpose of assisting him to acquire an equity interest in another related party, Perennial Value Management Limited. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender. The unsecured interest bearing loans were made on commercial terms and conditions.

The loans advanced in 2004 to Mr Murray for the amount of $779,380 were renegotiated during the 2008 financial year and became an interest free loan effective from 1 July 2007. All other terms and conditions remain unchanged.

(ii) 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 Limited to Directors for the specific purpose of assisting them to acquire an equity interest in subsidiaries of the Company or in the case of Mr A Patterson and Mr J Murray another related party, Perennial Value Management Limited. The parties to the loans are permitted to discharge the loans by transferring the shares acquired in the respective entities to the lender. The unsecured interest bearing loans were made on commercial terms and conditions.

The loans advanced in 2004 to Mr A Patterson for the amount of $925,650 were renegotiated during the 2008 financial year and became an interest free loan effective from 1 July 2007. All other terms and conditions remain unchanged.

(e) Unsecured loans to other related parties of the IOOF Holdings Ltd, subsidiaries and related entities

	Consolidated		**Parent**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
The aggregate value of loans to related parties of IOOF Holdings Ltd, subsidiaries and related entities made by the IOOF Group as at balance date amounted to	–	–	–	–
Interest revenue on loans	–	3,589	–	288
Interest repaid during the year	–	3,589	–	288
Loan repaid during the year	–	96,958	–	32,958

The loans were made to a related entity and advisers to the group on normal commercial terms and conditions. The above loans were fully repaid during 2008.

(f) Unsecured loans to executives of the IOOF Group

		Consolidated		Parent	
		2009	2008	2009	2008
		$	$	$	$
The aggregate value of loans to Executives of the IOOF Group made by the IOOF Group as at balance date amounted to	(f) (i)	1,880,149	1,880,149	–	–
Interest revenue of IOOF Group on loans to Executives		86,743	69,297	–	–
Loans made to Executives of the IOOF Group during the year by the IOOF Group		–	1,330,535	–	–
Interest repaid during the year		87,602	176,185	–	–
Interest written off during the year		–	124,685	–	–
Interest receivable balance as at balance date		19,920	20,779	–	–
Loans repaid during the year		–	330,006	–	–

(i) The Executives referred to above were Mr P Durham, Mr S Bruce, Mr G Oshry and Mr D Cottier. The amounts were advanced by Perennial Investment Partners Limited 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 and Mr S Bruce another related party, Perennial Value Management Limited. The parties to the loans are permitted to discharge the loans by transferring the shares acquired of the respective entities to the lender. The unsecured interest bearing loans were made on commercial terms and conditions.

The loans advanced in 2004 to Mr P Durham and Mr S Bruce for the amounts of $331,536 and $239,351 respectively were renegotiated during the 2008 financial year and became interest free loans effective from 1 July 2007. All other terms and conditions remain unchanged.

(g) Loan advanced to IOOF Investment Holdings Ltd from the ultimate parent entity

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
The aggregate value of loan to IOOF Investment Holdings Ltd by IOOF Holdings Ltd as at balance date amounted to	–	–	30,923,577	32,175,344
Interest revenue on loan to IOOF Investment Holdings Ltd	–	–	1,510,611	2,210,998
Loan made during the year	–	–	237,622	266,342
Interest repaid during the year	–	–	1,510,611	2,210,998
Loan repaid during the year	–	–	1,489,389	789,002

An amount owing to IOOF Holdings Ltd by a controlled entity (IOOF Investment Holdings Ltd) was issued on commercial terms and conditions. The amount related to loans provided by IOOF Holdings Ltd to fund the purchase of AM Corporation. IOOF Investment Holdings Ltd repays $250,000 of this loan with interest every month. Interest is calculated at a rate equal to the cash rate, set monthly and paid in arrears.

(h) Subordinated loan advanced to Perennial Investment Partners Limited from the ultimate parent entity

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
The aggregate value of the loan owed by Perennial Investment Partners Limited as at balance date amounted to	–	–	–	2,817,738
Interest revenue on subordinated loans	–	–	169,373	265,002
Loans repaid during the year	–	–	2,817,738	–

IOOF Holdings Ltd, approved a Subordinated loan of $4,875,284 to Perennial Investment Partners Limited on 29 June 2004. Of this loan $2,817,738 (2008: $2,817,738) was advanced to Perennial Investment Partners Limited. The loan was for a period of 5 years with interest payable quarterly in arrears at the one year swap rate plus 2% determined quarterly. The deed of subordination has been approved by the Australian Securities and Investments Commission. Interest during the year was charged on the amount of loan funded and amounted to $169,373 (2008: $265,002). These loans were repaid in full during the period.

(i) Loan advanced to Perennial Investment Partners Limited from the ultimate parent entity

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
The aggregate value of the loan owed by Perennial Investment Partners Limited as at balance date amounted to	–	–	13,815,568	11,983,768
The net value of the above amount, advanced to Perennial Investment Partners Limited during the year amounted to	–	–	1,831,800	6,758,655
Interest paid or payable for the year	–	–	815,981	689,734

IOOF Holdings Ltd, the ultimate parent entity, approved and advanced an interest bearing loan of $1,831,800 to Perennial Investment Partners Limited on 2 October 2008. This loan together with earlier issued loans were advanced for the specific purpose of assisting Perennial Investment Partners Limited to acquire an additional equity interest in a related party. The interest is payable monthly in arrears at the one year bank bill swap rate plus 2% determined monthly.

(j) Loans advanced to ultimate parent entity by the controlled entities

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
The aggregate value of loans to IOOF Holdings Ltd by controlled entities as at balance date amounted to	–	–	26,435,681	5,000,000
Interest charged on loans from the controlled entities	–	–	301,922	344,555
Loans advanced during the year	–	–	34,267,738	–
Interest paid during the year	–	–	155,271	344,555
Loans repaid during the year	–	–	11,082,056	–
Debt forgiven by controlled entity	–	–	1,750,000	–

Loans advanced during the year

	Consolidated		Parent
Controlled Entity	**Advance date**	**Advanced**	**Terms and Conditions**
IOOF Investment Management Limited	3 March 2009	4,000,000	Interest bearing at the prevailing Reserve Bank of Australia cash rate.
Perennial Investment Partners Limited	19 March 2009	3,267,738	Interest bearing at the one year swap rate plus 2% determined quarterly.
Australian Wealth Management Limited	3 March 2009	10,000,000	Interest bearing at the BBSW 12 month reference rate plus 1.25% pa.
IOOF Services Pty Ltd	29 April 2009	3,000,000	Interest bearing at the prevailing Reserve Bank of Australia cash rate.
IOOF Global One Limited	11 May 2009	12,000,000	Interest bearing at the prevailing Reserve Bank of Australia cash rate.
Intech Fiduciaries Ltd	11 May 2009	2,000,000	Interest bearing at the prevailing Reserve Bank of Australia cash rate.

(k) Ultimate parent entity

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

39. Business combinations

The business combinations occurring during the financial year ended 30 June 2009 are as follows:

(a) Skandia and Intech, Australia

On 6 March 2009 the Group acquired all of the shares in both Old Mutual Australia Limited and Old Mutual Australia Holdings Pty Ltd, comprising the Skandia and Intech businesses operating in Australia. These companies provide managed investments, personal and corporate superannuation and pension products, specialist capital markets research, investment manager research and portfolio management services.

The acquired businesses contributed net loss of $1,916,000 to the Group from 6 March 2009 to 30 June 2009. If the acquisition had occurred on 1 July 2008, management estimates that the acquired businesses would have contributed $50,027,000 revenue and $13,047,000 loss for the year.

The acquisition had the following effects on the Group's assets and liabilities on acquisition date:

	Acquiree's carrying amounts on acquisition $'000	Provisional values recognised on acquisition $'000
Cash and cash equivalents	15,597	15,597
Receivables	6,098	6,157
Investments	87	87
Deferred tax asset	9,251	2,303
Property & equipment	2,573	2,573
Other assets	16,657	16,657
Payables	(8,532)	(8,532)
Provisions	(2,805)	(3,706)
Other liabilities	(16,510)	(16,510)
Net identifiable assets and liabilities		14,626
Goodwill and other identifiable intangible assets on acquisition		17,966
Consideration paid, in cash(1)		32,592
Cash acquired		(15,597)
Net cash outflow		16,995

(1) Includes legal fees and other direct costs of acquisition amounting to $92,000.

The acquiree's carrying amounts were determined based on applicable AASB's immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

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

(b) Australian Wealth Management Limited

(i) Summary of Acquisition

On 30 April 2009, the Company acquired all the shares of Australian Wealth Management Limited through a Scheme of Arrangement effected by the issue of one IOOF Holdings Ltd share for every 3.73 shares held in Australian Wealth Management Limited. The merging of these companies created a leading financial services company spanning the entire wealth management value chain, with an enhanced distribution network nationwide.

The acquired businesses contributed net profit of $6,200,000 to the Group from 30 April 2009 to 30 June 2009. If the acquisition had occurred on 1 July 2008, management estimates that the acquired businesses would have contributed $315,178,000 revenue and $23,808,000 profit for the year.

Details of the assets, liabilities and goodwill recognised are as follows:

	$'000
Value of shares issued	634,885
Direct costs relating to the acquisition	2,965
Total purchase consideration	637,850
Recognised value of net identifiable assets acquired (refer to (ii) below)	67,867
Provisional Goodwill and other identifiable intangible assets on acquisition	569,983

The value of shares issued represents 160,730,273 shares valued at $3.95, which was the quoted closing bid price for IOOF Holdings Ltd shares on the date of acquisition.

(ii) Assets and liabilities acquired

	Acquiree's carrying amounts on acquisition $'000	Provisional values recognised on acquisition $'000
Cash and cash equivalents	70,977	70,977
Receivables	98,469	98,469
Tax receivable	2,044	2,044
Other financial assets	25,467	25,467
Investments accounted for using the Equity method	1,822	1,822
Property & equipment	8,280	8,280
Deferred tax asset	12,450	12,450
Other assets	8,878	8,878
Payables	(86,152)	(86,152)
Loans and borrowings	(30,535)	(30,535)
Deferred tax liabilities	(5,380)	(5,380)
Provisions	(22,919)	(22,919)

	Acquiree's carrying amounts on acquisition $'000	Provisional values recognised on acquisition $'000
Other financial liabilities	(1,731)	(1,731)
Other liabilities	(7,213)	(7,213)
Net identifiable assets and liabilities		74,457
Minority interests		(6,590)
Net identifiable assets acquired		67,867

The acquiree's carry amounts were determined based on applicable AASB's immediately before the acquisition.

(iii) Cash flows

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Outflow of cash to acquire subsidiary, net of cash acquired:				
Cash consideration	(2,965)	–	(2,965)	–
Less cash balances acquired	70,977	–	–	–
Net inflow/(outflow) of cash	68,012	–	(2,965)	–

(iv) Provisional accounting

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

IOOF Holdings Limited did not make any business combinations in the year ended 30 June 2008.

40. Disposal of Intech group of entities

In June 2009 the Group sold its interest in Intech Pty Ltd and its subsidiaries Intech Fiduciaries Ltd and Intech Research Pty Ltd.

The financial performance information presented is for period 6 March 2009 to 30 June 2009.

Results of Disposal	2009 $'000
Revenues	7,021
Expenses	(8,841)
Results from operating activities	(1,820)
Income tax benefit	20
Results from operation activities, net of income tax	(1,800)

Results of Disposal	**2009**
	$'000
Effect of disposal on the financial position of the Group	
Cash and cash equivalents	1,492
Trade and other receivables	3,015
Investments	20
Plant and equipment	41
Deferred tax assets	551
Trade and other payables	(3,076)
Provisions	(1,579)
	464
Consideration received, satisfied in cash	1,500
Cash disposed of	(1,492)
Net cash inflow (outflow)	8

41. Controlled entities

		Country of Incorporation	Company's Ownership Interest 2009 %	Company's Ownership Interest 2008 %
Parent entity:				
IOOF Holdings Ltd		Australia		
Controlled entities:				
IOOF Life Ltd		Australia	100.0	100.0
IOOF Ltd		Australia	100.0	100.0
IOOF Investment Holdings Ltd		Australia	100.0	100.0
IOOF Investment Management Limited		Australia	100.0	100.0
Security Management Services Pty Ltd		Australia	100.0	100.0
OutScope Ltd		Australia	100.0	100.0
Consultum Financial Advisers Pty Ltd		Australia	100.0	100.0
Financial Partnership Pty Ltd		Australia	100.0	100.0
August Management Services Pty Limited		Australia	100.0	100.0
IOOF Services Pty Ltd		Australia	100.0	100.0
Perennial Investment Partners Limited		Australia	100.0	100.0
Perennial Investment Partners Asia Limited		Australia	94.9	94.9
Perennial Fixed Interest Partners Pty Ltd	(Note 41(a))	Australia	74.7	67.3

Notes to the financial statements (cont'd)

For the year ended 30 June 2009

		Country of Incorporation	Company's Ownership Interest 2009 %	Company's Ownership Interest 2008 %
Perennial Growth Management Pty Ltd		Australia	60.0	60.0
Perennial International Equities Management Pty Ltd		Australia	100.0	100.0
Perennial Real Estate Investments Pty Ltd		Australia	50.0	50.0
Perennial Investment Partners (UK) Limited		United Kingdom	100.0	100.0
Perennial Investment Partners (U.S.) Inc		USA	100.0	100.0
Perennial Cash Enhanced Wholesale Trust	(Note 41(b))		57.3	61.6
Perennial Socially Responsive Shares Wholesale Trust	(Note 41(b))		89.6	89.1
Perennial Growth High Conviction Shares Trust	(Note 41(b))		42.2	67.6
IOOF Executive Performance Share Plan Trust	(Note 41(b))		100.0	100.0
Perennial Partner Trust	(Note 41(b))		29.3	56.6
Perennial Tactical Income Trust	(Note 41(b))		100.0	–
Perennial Cash Trust	(Note 41(b))		64.6	–
Entities acquired on 6 March 2009 from Old Mutual (UK) Limited				
IOOF Global One Limited (formerly Old Mutual Australia Limited)		Australia	100.0	–
IOOF Transition 2 Pty Ltd (formerly Old Mutual Australia Holdings Pty Ltd)		Australia	100.0	–
IOOF Transition 3 Pty Ltd (formerly Old Mutual Asset Management Australia Pty Limited)		Australia	100.0	–
Entities acquired on 30 April 2009 as part of the merger with Australian Wealth Management Limited				
Australian Wealth Management Limited		Australia	100.0	–
Australian Executor Trustees Limited		Australia	100.0	–
Australian Executor Trustees (SA) Limited		Australia	100.0	–
Bagot's Executor & Trustee Company Limited		Australia	100.0	–
Bagot's Nominees Pty Limited		Australia	100.0	–
Australian Executor Trustees (NSW) Limited		Australia	100.0	–
Australian Executor Trustees (Canberra) Limited		Australia	100.0	–
Executor Trustee Australia Limited		Australia	100.0	–
Tower Austrust Building Pty Limited		Australia	100.0	–
AET Structured Finance Services Pty Limited		Australia	100.0	–
AET SPV Management Pty Limited		Australia	100.0	–
Bridges Financial Services Group Pty Limited		Australia	100.0	–
Bridges Financial Services Pty Limited		Australia	100.0	–
Bridges Nominees Pty Limited		Australia	100.0	–
Cigar Nominee Pty Limited		Australia	100.0	–

	Country of Incorporation	Company's Ownership Interest 2009 %	Company's Ownership Interest 2008 %
Australian Wealth Management Service Co. Pty Limited	Australia	100.0	–
Questor Financial Services Limited	Australia	100.0	–
Executive Wealth Management Pty Limited	Australia	100.0	–
Executive Wealth Management Financial Services Pty Limited	Australia	100.0	–
Group Investments Nominee Pty Limited	Australia	100.0	–
JV1 Pty Limited	Australia	100.0	–
AET Super Solutions Pty Limited	Australia	100.0	–
Select Managed Funds Limited	Australia	100.0	–
SMF Funds Management Limited	Australia	100.0	–
United Funds Management Limited	Australia	100.0	–
Sentinel Adviser Services Pty Limited	Australia	100.0	–
SMF Wealth Management Pty Limited	Australia	100.0	–
Wealth Managers Pty Limited	Australia	100.0	–
Accountplan Pty Limited	Australia	100.0	–
Austselect Pty Limited	Australia	100.0	–
Super Choice Pty Limited	Australia	100.0	–
Spectrum Managed Funds Pty Limited	Australia	100.0	–
SMF Pty Limited	Australia	100.0	–
SEM Group Administration Pty Limited	Australia	100.0	–
SMF Investment Managers (Super & Pension Fund) Pty Limited	Australia	100.0	–
SMF SuperOptions Pty Limited	Australia	100.0	–
CU Financial Advisory Services Pty Limited	Australia	100.0	–
Finium Trustees Limited	Australia	100.0	–
KE Sunshine Coast Pty Ltd	Australia	100.0	–
CK Brisbane Pty Ltd	Australia	100.0	–
DD Charlestown Pty Ltd	Australia	100.0	–
NS Singleton Pty Ltd	Australia	100.0	–
B D Shepparton Pty Limited	Australia	75.0	–
Holiday Coast Wealth Management Pty Limited	Australia	80.0	–
NT Homebush Pty Limited	Australia	70.0	–
JK Rye Pty Limited	Australia	100.0	–
Ord Minnett Holdings Pty Limited	Australia	70.0	–
Ord Minnett Limited	Australia	70.0	–

	Country of Incorporation	Company's Ownership Interest 2009 %	Company's Ownership Interest 2008 %
Ord Minnett Financial Planning Pty Limited	Australia	70.0	–
Ord Minnett Management Ltd	Australia	70.0	–
Dicksons Limited	Australia	70.0	–
Contango Nominees Pty Ltd	Australia	70.0	–
Beaglemoat Nominees Pty Ltd	Australia	70.0	–
Minnett Nominees Pty Ltd	Australia	70.0	–
Caltowie Investments Pty Limited	Australia	70.0	–
Ord Minnett Prime Nominees Pty Limited	Australia	70.0	–
OMLC Nominees Pty Limited	Australia	70.0	–
OMPL Pty Ltd	Australia	70.0	–
OMPYF Nominees Pty Ltd	Australia	70.0	–

(a) The investment in Perennial Fixed Interest Partners Pty Ltd is through Perennial Investment Partners Limited which directly holds a 70.2% (2008: 62.8%) shareholding in this entity and through IOOF Holdings Ltd which directly holds a 4.5% (2008: 4.5%) shareholding in this entity. During October 2008 Perennial Investment Partners Limited acquired additional shares from minority interests in Perennial Fixed Interest Partners Pty Ltd.

(b) The trusts controlled individually or collectively by the benefit funds and companies in the Group have been consolidated and are noted above.

42. Jointly controlled operations and assets

The Group is a venturer in the following jointly controlled operations and assets:

Name of venture	Principal activity	Output Interest 2009 %
Bridges Adelaide	Financial planning	38
Bridges Parramatta	Financial planning	38

The Group's interest, as a venturer, in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	Consolidated 2009 $'000
Non-current assets	
Intangible assets	647
Total non-current assets	647
Total assets	647

43. Segment information

Primary reporting – business segments

	Financial advice and distribution 2009 $'000	Platform management and administration 2009 $'000	Investment management 2009 $'000	Perennial Group 2009 $'000	Trustee services 2009 $'000	Statutory, unallocated and eliminations 2009 $'000	Consolidation 2009 $'000
Operating revenue	34,739	134,976	34,398	53,987	2,926	–	261,026
Other revenue	14,274	229	143	1,124	388	–	16,158
Benefit fund revenue	–	–	–	–	–	78,401	78,401
Inter-segment sales	–	–	–	–	–	8,593	8,593
Total Revenue	49,013	135,205	34,541	55,111	3,314	86,994	364,178
Share of net profits of associates	(1)	–	–	5,072	–	–	5,071
Total Segment Revenue	49,012	135,205	34,541	60,183	3,314	86,994	369,249

	Financial advice and distribution	Platform management and administration	Investment management	Perennial Group	Trustee services	Statutory, unallocated and eliminations	Consolidation
	2009	2009	2009	2009	2009	2009	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating expenses:							
Commissions and management expenses	(34,545)	(56,792)	(11,338)	(24,094)	(203)	(1,970)	(128,942)
Amortisation of intangibles	–	(1)	–	(5)	–	(1,756)	(1,762)
Depreciation	(264)	(262)	–	(70)	(296)	(1,581)	(2,473)
Amortisation of deferred acquisition costs	(296)	(1,615)	–	–	(302)	(2,838)	(5,051)
Benefit fund expenses	–	–	–	–	–	(72,854)	(72,854)
Other expenses	(15,637)	(59,560)	(11,662)	(19,952)	(3,226)	(22,268)	(132,305)
Total Segment Expenses	(50,742)	(118,230)	(23,000)	(44,121)	(4,027)	(103,267)	(343,387)
Profit from ordinary activities before income tax expense	(1,730)	16,975	11,541	16,062	(713)	(16,273)	25,862
Income tax credit/(expense)	881	674	(61)	(1,562)	–	(8,842)	(8,910)
Profit/(Loss) for the year	(849)	17,649	11,480	14,500	(713)	(25,115)	16,952
Segment assets	290,697	257,521	43,639	35,153	–	1,448,359	2,075,369
Inter-segment assets	(907)	(506)	(584)	(834)	–	2,831	–
Total assets	289,790	257,015	43,055	34,319	–	1,451,190	2,075,369
Segment liabilities	96,999	37,660	4,322	22,167	–	1,033,763	1,194,911
Inter-segment liabilities	(5)	(1,311)	(237)	(888)	–	2,441	–
Total liabilities	96,994	36,349	4,085	21,279	–	1,036,204	1,194,911
Investments in associates and joint venture partnerships	1,797	–	–	8,521	–	–	10,318
Acquisition of property and equipment, intangibles and other non-current segment assets	157	–	–	15	–	11,603	11,775

Secondary reporting – geographical segments

The Group operates in the one geographical segment of Australia.

	Financial advice and distribution	Platform manage-ment and administ-ration	Investment manage ment	Perennial Group	Trustee services	Statutory, unallocated and eliminations	Consolid-ation
	2008	2008	2008	2008	2008	2008	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating revenue	30,333	117,249	38,167	46,103	–	–	231,852
Other revenue	1,108	–	–	179	–	–	1,287
Benefit fund revenue	–	–	–	–	–	128,129	128,129
Inter-segment sales	–	–	–	–	–	42,881	42,881
Total Revenue	31,441	117,249	38,167	46,282	–	171,010	404,149
Share of net profits of associates	–	–	–	7,359	–	–	7,359
Total Segment Revenue	31,441	117,249	38,167	53,641	–	171,010	411,508
Operating expenses:							
Commissions and management expenses	(26,548)	(53,935)	(12,813)	(2,776)	–	(56,374)	(152,446)
Amortisation of intangibles	(851)	(621)	–	–	–	(4,509)	(5,981)
Depreciation	(6)	(16)	(1)	(67)	–	(1,557)	(1,647)
Amortisation of deferred acquisition costs	–	–	–	–	–	(3,723)	(3,723)
Benefit fund expenses	–	–	–	–	–	(141,299)	(141,299)
Other expenses	(8,718)	(41,288)	(11,301)	(33,890)	–	6,739	(88,458)
Total Segment Expenses	(36,123)	(95,860)	(24,115)	(36,733)	–	(200,723)	(393,554)
Profit from ordinary activities before income tax expense	(4,682)	21,389	14,052	16,908	–	(29,713)	17,954
Income tax credit/(expense)	36	–	(57)	(2,007)	–	10,128	8,100
Profit/(Loss) for the year	(4,646)	21,389	13,995	14,901	–	(19,585)	26,054
Segment assets	10,570	14,257	76,556	65,855	–	1,254,656	1,421,894
Inter-segment assets	(872)	–	(56,647)	(6,668)	–	64,187	–
Total assets	9,698	14,257	19,909	59,187	–	1,318,843	1 ,421,894
Segment liabilities	3,190	5,218	7,037	57,990	–	1,115,881	1,189,316
Inter-segment liabilities	(1,231)	–	(483)	(20,627)	–	22,341	–
Total liabilities	1,959	5,218	6,554	37,363	–	1,138,222	1,189,316

	Financial advice and distribution	Platform management and administration	Investment management	Perennial Group	Trustee services	Statutory, unallocated and eliminations	Consolidation
	2008	2008	2008	2008	2008	2008	2008
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investments in associates and joint venture partnerships	–	–	–	7,260	–	–	7,260
Acquisition of property and equipment, intangibles and other non-current segment assets	–	–	–	53	–	2,654	2,707

Secondary reporting – geographical segments

The Group operates in the one geographical segment of Australia.

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 3 and the segment reporting accounting standard, AASB 114 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property and equipment, goodwill and other intangibles, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, and employee benefits. Segment assets and liabilities do not include income taxes.

(b) Inter-segment eliminations

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

(c) Segments

The Group is organised into the following business segments by product and service type:

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.

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 provision of the multi-manager approach, utilising sector specialist fund managers with the aim of providing above median performance at below median risk.

Perennial Group

The management and investment of monies on behalf of corporate, superannuation, institutional clients and private individual investor clients.

Trustee Services

The provision of custodial services for investment schemes, trustee of security trustee for securitisation and structured finance transactions and trustee for note issues.

Statutory, Corporate Unallocated and Inter Segment Eliminations

Segment revenues, expenses and results include transfers between segments, corporate unallocated costs and consolidated benefit funds. Corporate unallocated costs include those of a strategic, shareholder or governance nature necessarily incurred in carrying business as a listed entity managing multiple business units.

(d) Comparative Information

Where appropriate, reclassification of prior year segment information is made to reflect current year presentation.

44. Notes to the cash flow statements

(a) Reconciliation of Cash and Cash Equivalents

Cash and Cash Equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the balance sheets as follows:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash	138,606	52,902	4,118	4,291
Units in IOOF Sectoral Unit Trusts	448,092	530,542	105	2,077
	586,698	583,444	4,223	6,368

(b) Reconciliation of net cash provided by/(used in) operating activities to profit after income tax

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit after income tax	16,952	26,054	46	29,091
Net depreciation/impairment on property and equipment	3,419	1,647	–	301
Net amortisation of intangible assets	1,762	1,463	–	–
Impairment of intangible assets	–	4,509	–	–
(Profit)/loss on disposal of assets	–	879	–	–
Debt forgiven by controlled entity	–	–	(1,750)	–
Provision for diminution in value of investments	–	1,100	3,040	795
Net change in fair value of related party loans	(161)	449	–	–
Share of profit in associated investment net of dividends	(1,237)	1,109	–	–
Non cash expense for issue of shares to executives	5,269	2,989	4,506	2,300
Non cash adjustment for prepaid share based payment	(367)	–	–	–
Non cash adjustment for deferred settlement costs	–	(1,280)	–	(1,280)
Non cash salary adjustment - subsidiary acquisition costs	–	(1,332)	–	(1,333)

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Shareholder buy-back liabilities revaluation	(6,803)	946	–	–
Non cash adjustment to provision for impairment of receivables/ investments	3,493	(553)	3,485	–
Non cash adjustment to prepayments	369	(4,568)	–	–
Non cash adjustment to deferred tax assets	–	300	–	–
Net operating assets acquired as part of acquisition and merger	(4,300)	–	–	–
Changes in net operating assets and liabilities:				
(Increase)/decrease in receivables	(52,253)	(5,379)	2,319	13,177
(Increase)/decrease in other assets	(21,317)	5,804	158	802
(Increase)/decrease in deferred tax asset and tax receivable	(19,785)	(15,884)	(3,727)	(466)
(Increase)/decrease in other financial assets	46,482	384,604	(13)	25
Increase/(decrease) in payables and deferred revenue liabilities	114,634	693	12,504	3,236
Increase/(decrease) in policy liabilities and outside equity interests	(138,326)	(253,031)	–	–
Increase/(decrease) in provisions	15,596	1,647	(302)	(123)
Increase/(decrease) in income tax payable	(8,099)	(10,851)	(6,875)	(11,220)
Increase/(decrease) in deferred tax liability	10,406	(29,713)	(3)	3
Net cash provided by operating activities	(34,266)	111,602	13,388	35,308

(c) Businesses acquired

During the financial year, the Group acquired two businesses. The net cash inflow on acquisition was $51,017,000. Refer to Note 41 for further details of these acquisitions.

(d) Non-cash financing and investing activities

During the current financial year, the Group issued ordinary shares with an aggregate fair value of $634,885,000 to acquire a business indicated in Note 41. This share issue is not reflected in the cash flow statement.

(e) Financing facilities

The Group utilised available financing facilities. Refer to Note 19 for details on utilised and remaining borrowing facilities available.

45. Life insurance business

(a) Components of profit related to movements in:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(i) Life Insurance liabilities				
Planned margins of revenue over expenses released	65	70	–	–
Difference between actuarial and assumed experience	50	19	–	–
Investment earnings on assets in excess of policy liabilities	27	45	–	–
	142	134	–	–
(ii) Life Investment liabilities	–	–	–	–

(b) Components of net life insurance liabilities:

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Unrecouped Acquisition Expenses	–	–	–	–

(c) Disaggregated Information of Life Insurance Business by Fund

	Statutory Non-Investment Linked								
	Estate Essentials $'000	Wealth Builder Death Assurance $'000	Deferred Annuity Capital Guaranteed $'000	Guaranteed Personal Income Plan $'000	Wealth Builder Capital Guaranteed $'000	Capital Builder Bond $'000	IOOF Term Annuity Plan $'000	IOOF Life: Statutory Fund No. 1 $'000	Total Non-Investment Linked $'000
2009									
Financial Assets	73,366	29	5,346	–	363,153	7,125	–	734	**449,753**
Other Assets	2,373	3	233	–	21,613	258	–	252	**24,732**
Policy Liabilities	75,739	7	5,426	–	377,803	7,230	–	321	**466,526**
Other Liabilities	–	25	153	–	6,963	153	–	489	**7,783**
Retained Earnings	–	–	–	–	–	–	–	178	**178**
Premium Revenue	488	20	108	–	27,302	–	–	699	**28,617**
Reinsurance Recoveries	–	–	–	–	–	–	–	641	**641**
Investment Revenue	(4,088)	–	(288)	–	(19,300)	(379)	–	42	**(24,013)**
Claims Expense	143	2	3	–	70	–	–	688	**906**
Other Operating Expenses including movements in policyholder liabilities	14,153	18	2,406	–	133,211	2,457	–	492	**152,737**
Operating Profit before tax	–	–	37	–	5,287	–	–	203	**5,527**
Operating Profit after tax	–	–	–	–	–	–	–	141	**141**

	Statutory Non-Investment Linked								
	Estate Essentials	Wealth Builder Death Assurance	Deferred Annuity Capital Guaranteed	Guaranteed Personal Income Plan	Wealth Builder Capital Guaranteed	Capital Builder Bond	IOOF Term Annuity Plan	IOOF Life: Statutory Fund No. 1	Total Non-Investment Linked
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2008									
Financial Assets	74,212	4	6,012	–	378,616	7,786	–	1,203	**467,833**
Other Assets	2,390	26	311	–	33,313	271	–	265	**36,576**
Policy Liabilities	76,509	–	6,162	–	404,487	7,892	–	339	**495,389**
Other Liabilities	93	30	161	–	7,442	165	–	495	**8,386**
Retained Earnings	–	–	–	–	–	–	–	637	**637**
Premium Revenue	1,438	16	211	–	19,028	3	–	689	**21,385**
Reinsurance Recoveries	–	–	–	–	–	–	–	463	**463**
Investment Revenue	(3,368)	–	(286)	–	(18,773)	(370)	–	77	**(22,720)**
Claims Expense	55	–	9	–	303	13	–	552	**932**
Other Operating Expenses including movements in policyholder liabilities	12,427	16	2,477	–	143,542	3,326	–	485	**162,273**
Operating Profit before tax	–	–	31	–	4,782	–	–	192	**5,005**
Operating Profit after tax	–	–	–	–	–	–	–	135	**135**

(c) Disaggregated Information of Life Insurance Business by Fund (continued)

	Statutory Investment Linked						
	Wealth Builder Fixed Interest Fund	Wealth Builder Australian Equities Fund	Wealth Builder Capital Stable Fund	Wealth Builder Balanced Fund	Wealth Builder High Growth Fund	Wealth Builder Australian Shares – Multimix Fund	Wealth Builder International Shares – Multimix Fund
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Financial Assets	20,818	157,190	41,432	102,167	292	313	87
Other Assets	679	6,193	2,950	8,546	7	5	13
Policy Liabilities	21,497	163,382	44,382	110,712	299	313	100
Other Liabilities	–	–	–	1	–	5	–
Retained Earnings	–	–	–	–	–	–	–
Premium Revenue	1,625	9,045	4,193	4,023	306	113	113
Reinsurance Recoveries	–	–	–	–	–	–	–
Investment Revenue	(1,488)	39,628	1,149	20,787	9	(29)	14
Claims Expense	7	140	28	101	2	–	–
Other Operating Expenses including movements in policyholder liabilities	8,234	15,850	15,621	16,510	(316)	(74)	(127)
Operating Profit before tax	424	1,501	(39)	(2,113)	(5)	6	(2)
Operating Profit after tax	–	–	–	–	–	–	–
2008							
Financial Assets	21,470	203,676	47,755	137,536	–	–	–
Other Assets	1,339	29,521	4,535	10,977	–	–	–
Policy Liabilities	22,784	227,049	51,813	147,131	–	–	–
Other Liabilities	25	6,148	477	1,382	–	–	–
Retained Earnings	–	–	–	–	–	–	–
Premium Revenue	1,649	27,354	9,287	13,101	–	–	–
Reinsurance Recoveries	–	–	–	–	–	–	–
Investment Revenue	(611)	35,209	1,732	15,529	–	–	–
Claims Expense	–	–	–	–	–	–	–
Other Operating Expenses including movements in policyholder liabilities	9,112	(17,775)	6,025	1,757	–	–	–
Operating Profit before tax	138	(13,258)	(762)	(5,455)	–	–	–
Operating Profit after tax	–	–	–	–	–	–	–

Statutory Investment Linked									
Wealth Builder Small Companies Fund	Wealth Builder High Conviction Fund	Wealth Builder Global Property Securities Fund	Wealth Builder High Alpha Fund	Deferred Annuity Managed Fund	Deferred Annuity Capital Stable Fund	Deferred Annuity Cash Management Fund	Total Investment Linked	TOTAL STATUTORY	TOTAL SHAREHOLDER
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
190	146	90	99	15,344	1,772	317	340,257	**790,010**	**17,881**
1	2	1	2	731	87	14	19,231	**43,963**	**37,054**
189	148	91	101	16,075	1,859	331	359,479	**826,005**	**–**
2	–	–	–	–	–	–	8	**7,791**	**4,972**
–	–	–	–	–	–	–	–	**178**	**37**
182	151	108	108	16	46	105	20,134	**48,751**	**–**
–	–	–	–	–	–	–	–	**641**	**–**
(9)	3	18	10	1,327	(31)	(20)	61,368	**37,355**	**6,450**
–	–		–	27	2	–	307	**1,213**	**–**
(173)	(146)	(126)	(118)	4,172	777	151	60,235	**212,972**	**10,235**
2	(8)	(2)	(2)	(2)	4	2	(234)	**5,293**	**16,754**
–	–	–	–	–	–	–	–	**141**	**11,972**
–	–	–	–	18,507	2,038	312	431,294	**899,127**	**18,691**
–	–	–	–	1,681	146	13	48,212	**84,788**	**38,103**
–	–	–	–	20,155	2,181	325	471,438	**966,827**	**–**
–	–	–	–	33	3	–	8,068	**16,454**	**6,705**
–	–	–	–	–	–	–	–	**637**	**2,727**
–	–	–	–	80	46	45	51,562	**72,947**	**–**
–	–	–	–	–	–	–	–	**463**	**–**
–	–	–	–	1,649	14	(15)	53,507	**30,787**	**20,148**
–	–	–	–	–	–	–	–	**932**	**–**
–	–	–	–	6,199	650	104	6,072	**168,345**	**12,436**
–	–	–	–	(302)	(10)	2	(19,647)	**(14,642)**	**11,614**
–	–	–	–	–	–	–	–	**135**	**25,950**

(d) Actuarial assumptions and methods

The effective date of the actuarial report on the policy liabilities and solvency reserves is 30 June 2009. The actuarial reports for IOOF Ltd and IOOF Life Ltd were prepared by Mr D Goodsall, BA, FIAA, AIA, ASA and were both dated 25 August 2009. The actuarial reports indicate that Mr Goodsall is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

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*.

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 – IOOF Life Ltd

Mortality and morbidity are assessed on a claims ratio basis. The net cost is assumed to be 7.4% of gross earned premium.

Mortality and Morbidity – IOOF Ltd

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 (ie 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 (ie 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.

(e) 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.

(f) 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.

Each benefit fund and statutory fund meets the solvency requirements.

		Consolidated	
		2009	**2008**
		$'000	**$'000**
Solvency Requirement[(1) (3)]	'A'	830,050	982,059
Represented by:			
Minimum Termination Value[(2)]		825,990	966,814
Other Liabilities		1,339	8,118
Solvency Reserve	'B'	2,721	7,127
		830,050	982,059
Assets Available for Solvency	'C'	**7,738**	**8,200**
Comprised as:			
Excess of Net Policy Liability over Minimum Termination Value		(11)	(22)
Liability for policy owners' retained profits at end of the year		20	35
Net Assets		7,729	8,187
		7,738	**8,200**
Solvency Reserve % (B/(A - B)) x 100		0.33%	0.73%
Coverage of Solvency Reserve C/B		2.84	1.15

(1) The minimum level of assets required to be held in each statutory fund, prescribed by the solvency standard referred to in Part 5 of the *Life Insurance Act 1995*.

(2) 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.

(3) IOOF Life Ltd, as a regulated insurer, established a statutory fund during the year ended 30 June 2003. No transactions occurred in this statutory fund until the life insurance business of AM Life Limited was transferred to IOOF Life Ltd on 31 December 2003. The solvency requirement shown is also in respect of the benefit funds in IOOF Ltd.

46. Events occurring after the balance sheet date

On 7 July 2009, the Directors declared a special dividend of 13 cents (2008 – nil cents) per ordinary share fully franked at 30% tax rate, paid 31 July 2009. The total special dividend payment amounted to $29,877,000.

In addition to the above dividend and since the end of the financial year the directors have recommended the payment of a final dividend in respect of the year ended 30 June 2009 of 4 cents per ordinary share franked to 100% based on tax paid at 30%, to be paid in November 2009.

On 10 July 2009, IOOF Holdings Limited received $1,483,500 as consideration for the sale of its investment interest in MacarthurCook ('MCK'). This sale followed the off-market take over offer by AIMS Securities Holdings Pty Ltd for all the ordinary shares of MCK.

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.

Directors' declaration

For the year ended 30 June 2009

IOOF Holdings Ltd directors' declaration

1. In the opinion of the directors' of IOOF Holdings Ltd ('the Company'):

    (a) the financial statements and notes, and the Remuneration report in the Director Report, set out on pages 62 to 174, are in accordance with the *Corporations Act 2001*, including:

    (i) give a true and fair view of the Company's and Consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

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

    (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2;

    (c) 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 Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2009.

This declaration is made in accordance with a resolution of the Directors.

Mr I Blair
Chairman of the Board

Mr C Kelaher
Managing Director

Melbourne, 31 August 2009

Independent auditor's report

For the year ended 30 June 2009

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 balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 46 and the directors' declaration of 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2 the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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 2009 and of their performance for the year ended on that date; and

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

(b) the financial report of IOOF Holdings Ltd also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 36 to 60, except for those sections designated as unaudited, of the directors' report for the year ended 30 June 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michelle Hinchliffe

Michelle Hinchliffe
Partner

Melbourne, 31 August 2009

Independence declaration

For the year ended 30 June 2009

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 2009 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, 31 August 2009

Shareholder information

For the year ended 30 June 2009

Share Capital

IOOF has on issue 299,821,895 fully paid ordinary shares held by 60,724 holders as at 29 September 2009. All ordinary shares of the company carry one vote per share.

Twenty Largest Shareholders

Rank	Investor Name	Total Units	% of Issued Capital
1	Trust Company Fiduciary Services Limited	27,412,867	11.93
2	JP Morgan Nominees Australia Limited	19,744,188	8.59
3	Sandhurst Trustees Limited	17,938,337	7.81
4	HSBC Custody Nominees (Australia) Limited	12,797,251	5.57
5	National Nominees Limited	12,230,834	5.32
6	UBS Wealth Management Australia Nominees Pty Ltd	11,881,747	5.17
7	Cogent Nominees Pty Limited	7,235,923	3.15
8	Citicorp Nominees Pty Limited	6,971,012	3.03
9	ANZ Nominees <Cash Income A/C>	6,509,653	2.83
10	Queensland Investment Corp	3,213,014	1.40
11	Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	2,619,248	1.14
12	Bell Potter Nominees Ltd	2,494,515	1.09
13	Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	1,410,202	0.61
14	Morris Equity Investments Pty Ltd <The KDLM A/C>	1,350,000	0.59
15	Mr Ian Gregory Griffiths	1,340,483	0.58
16	David Vautin Pty Ltd	1,331,953	0.58
17	Bond Street Custodians Limited <Macquarie Smaller Co's A/C>	1,295,318	0.56
18	AMP Life Limited	1,105,302	0.48
19	IOOF Holdings Trustee Pty Ltd IOOF Foundation	977,897	0.34
20	Custodial Services Limited <Beneficiaries Holding A/C>	680,755	0.30
Total		**140,540,499**	**61.15**

Shareholder information (cont'd)

For the year ended 30 June 2009

Distribution of Equity Securities

(a) Analysis of number of shareholders by size of holding

Range	No. of Holders	No. of Units	% of Issued Capital
1 – 1,000	43,849	14,269,575	6.21
1001 – 5000	14,272	30,069,829	13.08
5001 – 10,000	1,679	11,715,510	5.10
10,001 – 100,000	827	19,568,072	8.52
100,001 +	81	154,198,909	67.09
TOTAL	**60,708**	**229,821,895**	**100**

(b) There were 8,624 shareholders holding less than a marketable parcel ($500) based on a market price of $4.95 at the close of trading on 29 September 2008.

Substantial Shareholdings

The following substantial shareholder notices have been lodged in accordance with Section 671B of the *Corporations Act 2001*:

Name	Date of Interest	No. of Ord. Shares	% of Issued Capital
Trust Company Fiduciary Services Ltd	12-May-09	102,249,994	11.93%
Bendigo and Adelaide Bank Ltd	12-May-09	17,938,337	7.80%

Share register and other enquiries

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registry:

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Australian callers: 1300 554 474
Telephone +61 2 8280 7111
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Please include your shareholder reference number (SRN) or holder identification number (HIN) in all correspondence to the share registry.

Corporate Directory

Directors	**Mr Ian Blair** OAM, MMgt, FCA. Chairman
	Mr Christopher Kelaher B.Ec, LL.B, F Fin. Managing Director
	Dr Roger Sexton B.Ec. (Hons), M.Ec. Ph.D (Econ), FAICD, FAIM. FFin, C. P Mgr, C.Univ
	Mr Ian Griffiths C.Acc, DipAll, MIIA.
	Ms Jane Harvey B.Com, MBA, FCA, FAICD.
	Mr James Pfeiffer BA, LLB.
	Mr George Venardos BComm, FCA, FCIS, FAICD, FTIA.
Company Secretary	**D S Corcoran**
Notice of Annual General Meeting	The Annual General Meeting of IOOF Holdings Ltd will be held at: Melbourne Town Hall Swanston Room, corner Swanston & Collins Streets Melbourne, VIC 3000 At 9.30 am on Friday 27 November 2009. A formal notice of meeting is enclosed.
Principal registered office in Australia	Level 29, 303 Collins Street Melbourne, VIC 3000 (03) 8614 4400
Share registry	Link Market Services Limited Level 1, 333 Collins Street Melbourne, VIC 3000
Auditor	KPMG 147 Collins Street Melbourne, VIC 3000
Solicitors	Mallesons Stephen Jaques Bourke Place 600 Bourke Street Melbourne VIC 3000
	Freehills MLC Centre 19 Martin Place Sydney NSW 2000
Bankers	Westpac Banking Corporation 360 Collins Street Melbourne VIC 3000
Stock exchange listing	IOOF Holdings Ltd shares are listed on the Australian Securities Exchange (ASX: IFL)
Website address	www.ioof.com.au