APPENDIX 4E

PRELIMINARY FINAL REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.3A

Name of entity

IOOF HOLDINGS LIMITED

ABN or equivalent reference #

49 100 103 722

Reporting period	**Previous corresponding period**
30 JUNE 2005	***30 JUNE 2004***

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IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4E
FINANCIAL YEAR ENDED 30 JUNE 2005

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

						$'000
Revenue from ordinary activities	up	**23**	%	to	$	**244,158**
Profit(Loss) from ordinary activities after income tax attributable to members	up	**58**	%	to	$	**65,133**
Net profit (loss) for the period attributable to members	up	**58**	%	to	$	**65,133**

Dividends per Share	Amount per share	Percentage Franked
Final	**12** cents	**100%**
Interim	**10** cents	**100%**
Total Dividend	**22** cents	**100%**
Record date for determining entitlements to dividends	26 September 2005	

In addition to the final dividend of 12 cents per share, shareholders of IOOF Holdings Ltd at the record date are entitled to a trust distribution from the IOOF Unconfirmed and Overseas Members Trust of 8 cents per share.

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1.1 COMMENTARY ON RESULTS

Consolidated Statement of Financial Performance

The consolidated net profit for the year attributable to members of the IOOF Holdings Ltd Group ("the Group") was $65,133,000 (2004: $41,102,000).

Revenue from ordinary activities includes a change in excess of net market value over net assets of controlled entities of $46,814,000 (2004:$31,135,000) . This amount reflects the change in value of controlled entities and the increase is the result of significant growth in relation to the Perennial Group of subsidiaries and synergies and economies of scale achieved following the integration of the acquired AM superannuation and fund management business.

Management fee income increased as a result of a 41 per cent increase in Funds Under Management and Administration (FUMA) from $15.9 billion at 30 June 2004 to $22.4 billion at 30 June 2005.

The growth in FUMA arose as a result of net inflows, good earning performance and favourable markets and has translated into higher management fee income as management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management and administration in accordance with each fund’s product disclosure statement. A partial offset is the increased commission expense associated with increased sales.

Operating expenses, excluding commission and management fee expenses, reduced during the year. The reasons for this decrease include a reduction in salaries and related expenses, lower computer and maintenance costs, less amortisation of software and infrastructure projects due to the timing of project completion and general cost containment. Last year, costs totalling $3,739,000 were incurred in relation to the cessation of employment of the Group Managing Director and specified executives during the year.

The current year result has been impacted by changes in equity ownership within the Perennial group of subsidiaries. Equity has been issued to Directors and Executives of the fixed interest and growth subsidiaries during this year with the result that $1.5 million of profits for the year were attributable to minority interests.

Continued growth in the Perennial Value Management Limited business resulted in a 130% increase in the share of equity profits recognised by the IOOF group compared to last year.

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Consolidated Statement of Financial Position

Growth in total assets has arisen from:

-cash generated from operating activities.

- cash generated from the sale of Bendigo Bank shares

- increased tax-related receivables in relation to tax related liabilities assumed on behalf of benefit funds of a controlled entity. Unrealised gains on investments have increased deferred tax liabilities carried by the Company in respect of the benefit funds. As the benefit funds compensate the Company for assuming these liabilities there has been an increase in the tax related receivable from related parties.

- an increase in EMVONA of $59,148,000 due to an increase in valuation of controlled entities compared to net assets.

- capitalisation of IT integration costs and software development costs as an intangible asset where these costs will result in future economic benefits.

Liabilities have mainly increased as a result of the assumption of tax related liabilities from the benefit funds. This has partially been offset by a reduction in provisions. Provisions have decreased mainly as a the result of the final payment due under the contract for acquisition of the AM business.

Consolidated Statement of Cash Flows

Cash and Cash equivalents have been impacted by the following transaction:

- payment of $12,600,000 deferred payment in respect of the acquisition of the AM business
- payment of $3,809,000 final payment in respect of the acquisition of the AM business
- payment of $12,761,000 dividends during the year
- proceeds on disposal of Bendigo Bank shares of $8,238,000
- cash generated from operating activities

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2. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	30 June 2005 $'000	30 June 2004 $'000
Revenue from ordinary activities - ***refer 2.1***	**244,158**	**198,420**
Expenses from ordinary activities excluding borrowing costs expenses- ***refer 2.2***	**(178,634)**	**(166,425)**
Borrowing costs - ***refer 2.2***	**(56)**	**(56)**
Share of net profits of associated entities accounted for using the equity method - ***refer 2.2***	**5,099**	**2,214**
Profit(Loss) from ordinary activities before income tax expense	**70,567**	**34,153**
Income tax (expense)/benefit on ordinary activities	**(3,880)**	**7,423**
Net profit	**66,687**	**41,576**
Net profit attributable to outside equity interests	**(1,554)**	**(474)**
Net profit attributable to members of IOOF Holdings Ltd	**65,133**	**41,102**
Total revenues, expenses and valuation adjustments attributable to members of IOOF Holdings Ltd and recognised directly in equity	**-**	**-**
Total changes in equity other than those resulting from transactions with owners as owners	**65,133**	**41,102**
Basic Earnings Per Share (cents)	**101.96**	**71.70**
Diluted Earnings Per Share (cents)	**101.96**	**71.70**
Dividends Per Share (cents) (10 cents 2004 final and 10 cents 2005 interim)	**20**	**10**

The above statement of financial performance is an extract from IOOF Holdings Ltd 30 June 2005 full financial report. Refer to the 30 June 2005 financial statements lodged with this document for detailed notes to this statement.

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NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

2.1 Revenue from Ordinary Activities

	30 June 2005 $'000	30 June 2004 $'000
Revenue from operating activities	186,307	157,120
Excess net market value over net assets of controlled entities	46,814	31,135
Profit on sale of shares in controlled entities	-	2,039
Revenue from outside the operating activities	10,394	7,508
Life Insurance Revenue	643	618
TOTAL REVENUE FROM ORDINARY ACTIVITIES	244,158	198,420

2.2 Expenses from ordinary activities, excluding borrowing costs expense:

	30 June 2005 $'000	30 June 2004 $'000
Expenses from operating activities	177,808	165,664
Life insurance operating expenses	826	761
Total expenses from ordinary activities, excluding borrowing costs expense	178,634	166,425

2.3 Borrowing expenses

Non-life borrowing expenses	56	56

2.4 Share of associated entities' operating profit after income tax

Share of associated entities' operating profit after income tax	5,099	2,214

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3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2005 $'000	30 June 2004 $'000
Assets		
Cash assets	33,043	62,124
Receivables	60,717	44,064
Other financial assets	65,689	35,687
Investments accounted for using the equity method	2,167	4,138
Other assets	10,120	14,325
Plant and equipment	1,905	1,932
Tax assets	6,254	5,938
Gross policy liabilities ceded under reinsurance	362	396
Intangible assets	15,887	14,983
Excess of net market value over net assets of controlled entities	184,785	125,637
TOTAL ASSETS	380,929	309,224
Liabilities		
Payables	22,770	21,918
Tax liabilities	48,179	23,968
Provisions	6,886	14,134
Policy liabilities	453	500
TOTAL LIABILITIES	78,288	60,520
NET ASSETS	302,641	248,704
Equity		
Contributed capital	170,280	170,136
Retained Profits/Accumulated Losses	128,170	75,863
Equity Attributable to Members of the Parent Entity	298,450	245,999
Outside equity interests in controlled entities	4,191	2,705
TOTAL EQUITY	302,641	248,704

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3.1 Consolidated Retained Profits

	30 June 2005 $'000	30 June 2004 $'000
Retained Profits (Accumulated Losses) at the beginning of the financial period	75,863	34,693
Net profit (loss) attributable to members of IOOF Holdings Ltd	65,133	41,102
Retained losses/(profits) attributable to entities leaving/entering the group	(65)	68
Dividends and other equity distributions paid or payable	(12,761)	-
Retained Profits (Accumulated Losses) at the end of the financial period	128,170	75,863

The above statement of financial position is an extract from IOOF Holdings Ltd 30 June 2005 full financial report. Refer to the 30 June 2005 financial statements lodged with this document for detailed notes to this statement.

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4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2005 $'000	30 June 2004 $'000
Cash flows related to operating activities		
Management fees and commission received	185,782	148,465
Premium income received	676	773
Payments to suppliers and employees	(169,816)	(154,355)
Dividends / distributions received	2,390	1,013
Dividends received from associate	4,020	1,069
Interest and other items of a similar nature received	2,422	2,573
Other income received	2,543	2,691
Income taxes benefit received	2,662	1,247
Net cash flows provided by (used in) operating activities (Refer 4.2)	30,679	3,476
Cash flows related to financing activities		
Proceeds from issue of shares (net of issuing costs)	-	40,753
Payments for leased assets	-	(1,315)
Proceeds from issue of shares to minority interests	-	1,999
Dividends paid	(12,761)	-
Net financing cash flows	(12,761)	41,437
Cash flows related to investing activities		
Payment for purchase of investment securities	(62)	(4,368)
Deferred payment for acquistion of funds management business	(12,600)	-
Final payment for acquistion of funds management business	(3,809)	-
Proceeds from sale of investment securities	9,112	6,578
Proceeds for sale of shares in controlled entity net of cash disposed	-	2,057
Payment for purchase of shares in associated entity	-	(506)
Proceeds from repayment of loans and mortgage securities	76	97
Payment for purchase of plant and equipment	(824)	(1,411)
Payment for purchase of other intangible assets	(3,633)	(7,366)
Loans to directors	(89)	(2,029)
Proceeds from loans repaid by Directors	252	-
Loans to related parties	(68)	(1,829)
Proceeds from loans repaid by related parties	60	-
Loans to executives	(432)	(1,251)
Proceeds from loans repaid by Executives	49	-
Proceeds from disposal of plant and equipment	106	-
Net investing cash flows	(11,862)	(10,028)
Net increase (decrease) in cash held	6,056	34,885
Cash at beginning of period (Refer 4.1 below)	75,462	40,577
Cash at end of period (Refer 4.1 below)	81,518	75,462

The above statement of cash flows is an extract from IOOF Holdings Ltd 30 June 2005 full financial report. Refer to the 30 June 2005 financial statements lodged with this document for detailed notes to this statement.

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NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

4.1 Reconciliation of Cash

	30 June 2005 $'000	30 June 2004 $'000
Cash on hand and at bank	32,106	60,141
Deposits on call	937	1,983
Units in IOOF Wholesale cash and short term securities trust	48,475	13,338
Total cash at end of period	81,518	75,462

4.2 Reconciliation of net cash provided by/(used in) operating activities to profit from ordinary activities after income tax

	30 June 2005 $'000	30 June 2004 $'000
Profit from ordinary activities after income tax	66,687	41,576
Net depreciation on plant and equipment	734	1,563
Net amortisation of intangible assets	2,657	5,490
(Profit)/loss on disposal of assets	11	(1)
(Profit)/loss on disposal of investments	(2,753)	(3,530)
Share of profit in associated investment	(998)	(1,061)
Non cash adjustment for unrealised gains	(61)	(89)
Non cash adjustment for provision for diminution	1,747	3,190
Non cash adjustment to financial assets	292	83
Non cash adjustment to provisions	582	-
Net non cash adjustment to outside equity interest	(82)	44
Excess of market value over net assets of controlled entities	(46,814)	(31,651)
Changes in net operating assets and liabilities:		
(Increase)/decrease in receivables	(15,968)	(30,020)
(Increase)/decrease in other assets	4,205	1,330
(Increase)/decrease in future income tax benefit	224	364
(Increase)/decrease in income tax receivable	(541)	(2,411)
Increase/(decrease) in payables	763	2,977
Increase/(decrease) in insurance liabilities (net)	(14)	(30)
Increase/(decrease) in provisions	(4,203)	(7,289)
Increase/(decrease) in income tax payable	12,686	6,348
Increase/(decrease) in deferred income tax payable	11,525	16,593
Net cash provided by operating activities	30,679	3,476

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5. NTA BACKING

	30-Jun-05	30-Jun-04
Net tangible asset backing per ordinary share	159 cents	170 cents

6. DETAILS OF CONTROLLED ENTITIES

6.1 Control gained over entities during the period

Control was not acquired over any entities during the year.

6.2 Loss of control of entities during the period

Control was not lost over any entity during the year.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Associated entities of IOOF Holdings Ltd include Perennial Value Management Ltd and Workforce Financial Services Pty Ltd.

The IOOF Group currently has a 5% interest in Financial Partnership Pty Ltd. Financial Partnership Pty Ltd was equity accounted in 2004 on the basis that it was economically dependent upon the IOOF Group. For 2005 the use of the equity method was discontinued in respect of the consolidated entity's interest in Financial Partnership Pty Ltd due to the inability of the consolidated entity to exercise significant influence over the company. The carrying amount in the consolidated entity which has been reclassified to other financial assets is $1,850,000 (2004: $1,766,388).

8. SEGMENT REPORTING

Refer to attached for IOOF Holdings Ltd segment reporting

9. DIVIDENDS

In October 2004, a final dividend in respect of the year ended 30 June 2004 was paid. This dividend amounted to $6.35 million and represented 10 cents per ordinary share franked to 100% based on tax paid at 30%.

In April 2005, an interim dividend in respect of the year ended 30 June 2005 was paid. This dividend amounted to $6.4 million and represented 10 cents per ordinary share franked to 100% based on tax paid at 30%.

The Directors have recommended the payment of a final dividend of 12 cents per ordinary share franked to 100% based on tax at 30%.

10. ACCOUNTING STANDARDS

The information provided in this Appendix has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

11. OTHER INFORMATION REGARDING THIS REPORT

11.1 The information contained in this Appendix 4E is based on the 30 June 2005 financial statements of IOOF

Holdings Ltd which:

- have been audited ○
- are in the process of being audited ◉
- have not yet been audited ○

IOOF HOLDINGS LTD
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Consolidated		Parent	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenues from ordinary activities	2	244,158	198,420	28,254	24,210
Expenses from ordinary activities, excluding borrowing costs expense	3	(178,634)	(166,425)	(13,587)	(16,344)
Borrowing costs expense	3	(56)	(56)	-	-
Share of Net Profits of associated entities accounted for using the equity method	2	5,099	2,214	-	-
Profit from ordinary activities before income tax		70,567	34,153	14,667	7,866
Income tax (expense)/benefit	4	(3,880)	7,423	(143)	566
Net Profit		66,687	41,576	14,524	8,432
Net (profit) / loss attributable to outside equity interest	19	(1,554)	(474)	-	-
Net Profit attributable to members of IOOF Holdings Ltd		65,133	41,102	14,524	8,432
Total revenues, expenses and valuation adjustments attributable to members of IOOF Holdings Ltd and recognised directly in equity		-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	18	65,133	41,102	14,524	8,432
		Cents	**Cents**		
Basic earnings per share	21	101.96	71.70		

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

IOOF HOLDINGS LTD
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Note	Consolidated		Parent	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
Assets					
Cash assets	5	33,043	62,124	16,864	38,999
Receivables	6	60,717	44,064	82,388	52,888
Other financial assets	7	65,689	35,687	136,068	119,419
Investments accounted for using the equity method	8	2,167	4,138	-	-
Other assets	9	10,120	14,325	15	99
Plant and equipment	10	1,905	1,932	1,168	1,125
Tax assets	11	6,254	5,938	5,263	5,560
Gross policy liabilities ceded under reinsurance	32	362	396	-	-
Intangible assets	12	15,887	14,983	-	-
Excess of net market value over net assets of controlled entities	13	184,785	125,637	-	-
Total Assets		380,929	309,224	241,766	218,090
Liabilities					
Payables	14	22,770	21,918	6,203	7,045
Tax liabilities	15	48,179	23,968	46,856	23,631
Provisions	16	6,886	14,134	4,704	5,318
Policy liabilities	32	453	500	-	-
Total Liabilities		78,288	60,520	57,763	35,994
NET ASSETS		302,641	248,704	184,003	182,096
Equity					
Parent entity interest					
Contributed capital	17	170,280	170,136	170,280	170,136
Retained profits	18	128,170	75,863	13,723	11,960
Total Parent Entity Interest		298,450	245,999	184,003	182,096
Outside equity interests in controlled entities	19	4,191	2,705	-	-
TOTAL EQUITY		302,641	248,704	184,003	182,096

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

IOOF HOLDINGS LTD
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		Parent	
	Note	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash flows from operating activities					
Management fees and Commission income received		185,782	148,465	9,058	7,845
Premium income received		676	773	-	-
Payments to suppliers and employees		(169,816)	(154,355)	(21,551)	(25,619)
Dividends received		2,390	1,013	14,088	13,303
Interest income received		2,422	2,573	888	1,425
Dividends received from associate		4,020	1,069	-	-
Other income received		2,543	2,691	1,550	548
Income tax benefit received		2,662	1,247	902	(669)
Net cash provided by/(used in) operating activities	30(b)	30,679	3,476	4,935	(3,167)
Cash flows from financing activities					
Proceeds from issue of shares (net of issuing costs)		-	40,753	-	40,753
Payment of Dividends		(12,761)	-	(12,761)	-
Payments for leased assets		-	(1,315)	-	-
Proceeds from issue of shares to minority interests		-	1,999	-	-
Net cash provided by/(used in) financing activities		(12,761)	41,437	(12,761)	40,753
Cash flows from investing activities					
Payment for purchase of investments		(62)	(4,368)	-	(4,591)
Deferred payment for acquisition of business		(12,600)	-	-	-
Final payment for acquisition of business		(3,809)	-	-	-
Proceeds from sale of investment securities		9,112	6,578	9,112	6,617
Proceeds from sale of shares in controlled entity net of cash disposed		-	2,057	-	-
Payment for purchase of shares in controlled entity		-	-	(1,500)	-
Payment for purchase of shares in associated entity		-	(506)	-	-
Proceeds from repayment of loans and mortgage securities		76	97	243	-
Payment for purchase of plant and equipment		(824)	(1,411)	(415)	(1,126)
Payment for purchase of other intangible assets		(3,633)	(7,366)	-	-
Loans to controlled entity		-	-	-	(4,875)
Loans made to directors of controlled entities		(89)	(2,029)	-	-
Proceeds from loans repaid by Directors		252	-	-	-
Loans made to related parties		(68)	(1,829)	-	-
Proceeds from loans repaid by related parties		60	-	-	-
Loans to executives of related entity		(432)	(1,251)	-	-
Proceeds from loans repaid by executives		49	-	-	-
Proceeds from disposal of plant and equipment		106	-	-	-
Net cash provided by/(used in) investing activities		(11,862)	(10,028)	7,440	(3,975)
Net increase/(decrease) in cash held		6,056	34,885	(386)	33,611
Cash at the beginning of the financial period		75,462	40,577	39,989	6,378
Cash at the end of the financial period	30(a)	81,518	75,462	39,603	39,989

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

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

It has been prepared in accordance with the historical cost convention, except for certain assets, which as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS (AIFRS), and Urgent Issues Group abstracts corresponding to International Accounting Standards Board (IASB) interpretations originated by the International Financial Reporting Interpretations Commitee. The adoption of AIFRS will first be reflected in the consolidated entity's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006. Information about how the transition to AIFRS is being managed, key differences in accounting policies and financial impacts that are expected to arise, is set out in Note 33.

Significant Accounting Policies

Accounting policies prescribed by Accounting Standards and Urgent Issues Group Consensus Views have been adopted. The following significant accounting policies have been applied in the preparation and presentation of the financial report.

a. Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being the Company and its controlled entities as defined in accounting standard AASB 1024 Consolidated Accounts. A list of controlled entities appears in Note 28 to the financial statements. Consistent accounting policies have been employed across all entities comprising the economic entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

The 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 except that, in the consolidated entity's statement of financial position, the following are separately identified:

- gross policy liabilities ceded under reinsurance,
- life insurance policy liabilities measured at net present value; and
- excess of net market value over net assets of controlled entities

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Income Tax

Tax effect accounting principles have been adopted whereby income tax expense/benefit is matched with accounting profit/loss after allowing for permanent differences. The tax effect of timing differences, which occur when items are included for income tax purposes in a period different to that for accounting is shown in the provision for deferred income tax and future income tax benefit at taxation rates expected to apply, depending on the timing of their reversal.

IOOF Holdings Ltd and its wholly owned entities (which for tax consolidation purposes includes IOOF Ltd benefit funds) implemented the tax consolidation legislation on 1 July 2003.

As a consequence, IOOF Holdings Ltd, as head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned entities in this group as if those transactions, events and balances were its own, in addition to 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. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

The deferred tax balances recognised by the parent entity in relation to the wholly owned entities joining the tax consolidated group are measured based on their carrying amount at the level of the tax consolidated group before the implementation of the tax consolidation regime.

The applicable rates of income tax vary depending upon the fund or entity involved. Segregated superannuation and rollover fund business of IOOF Ltd benefit funds attracts income tax at the rate of 15% (2004:15%) and the ordinary business of the Company is taxed at the rate of 30% (2004:30%).

c. Shareholders entitlement to monies held in Statutory Funds

Monies held in the Statutory Funds are subject to the distribution and transfer restrictions and other requirements of the Life Insurance Act 1995.

d. Revenue

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.
Interest income, dividend income, distribution income and rental income are brought to account on an accruals basis.
Commission income from the provision of financial advisory services is recognised on an accruals basis.

Life insurance premiums with no due date are recognised as revenue 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.
Changes in the net market value of financial assets and liabilities are recognised as revenues or expenses in the Statement of Financial Performance in the period in which the changes occur.

e. Cash

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Receivables

All trade debtors are recognised at the amounts receivable. They are due for settlement at terms which vary between 14 days and, in exceptional circumstances, 180 days from the date of recognition.
The recoverability of trade debtors is reviewed on an ongoing basis. Debts which are known to be unrecoverable are written-off to the Statement of Financial Performance. A provision for doubtful debts is raised where some doubt as to collection exists, based on the amount that is expected to be doubtful of recovery.

g. Other Financial Assets

Investments held by non life insurance entities have been valued as follows:

Controlled Entities
Investments in controlled entities of the Company are recorded at lower of cost and recoverable amount.

Equity Securities
Shares and equity options are recorded at the lower of cost and recoverable amount.
Investments in associated entities have been accounted for under the equity method.

Unlisted Unit Trusts
Net market value of units in unlisted unit trusts is determined at the net asset value per unit at balance date. The net asset value is calculated by deducting the value of liabilities of the unit trust from the value of the unit trust's gross assets.

The investments of life insurance entities have been valued as follows:

Controlled Entities
Investments held by life entities are recorded at Directors valuation based on independent valuations. On consolidation of the controlled entities, any excess in the net market value of these controlled entities over net assets is disclosed in the consolidated financial report as a separate asset entitled "Excess of net market value over net assets of controlled entities". Any change in the excess of net market value over net assets is recognised in the Statement of Financial Performance in the period in which the change occurs.

Debt Securities
Interest bearing securities are recorded at market value.

Equity Securities
Shares and equity options are recorded at their net market values as quoted on stock exchanges or, where the investment is unlisted, at the lower of cost and recoverable amount.

Mortgage Securities
Mortgage securities are recognised at net market value, after assessing required provisions for impairment. Bad debts are written off when identified.

Unlisted Unit Trusts
Net market value of units in unlisted unit trusts is determined at the net asset value per unit at balance date. The net asset value is calculated by deducting from the value of the unit trust's gross assets, the value of liabilities of the unit trust.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Deferred Acquisition Costs

Deferred acquisition costs relate to commissions paid on nil entry fee business and are deferred as an asset in recognition that they relate to a future benefit. Deferred acquisition costs are measured at the lower of cost and recoverable amount.

Deferred acquisition costs which are carried as an asset in the Statement of Financial Position, are progressively amortised in the Statement of Financial Performance over the period of time future benefits are expected to be received.

i. Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus any incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on issue of equity instruments are recognised directly in equity.

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 the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Goodwill is brought to account on the basis described in Note 1(m)(i).

j. Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is shorter.

k. Depreciation and Amortisation

Plant and equipment are depreciated on a straight line basis designed to write off the net cost of each asset over its estimated useful life. The expected useful life of each asset class is as follows:

Plant and Equipment - 3 - 10 years

l. Recoverable Amount of Long Term Assets

Assets with future economic benefits expected to exceed 12 months are written down to their recoverable amounts where the carrying amount of these asset exceeds its recoverable amount. Recoverable amounts are determined as the amounts expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of these assets, which have been discounted where appropriate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Intangible Assets and Expenditure Carried Forward

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net asset acquired, including any liability for restructuring cost, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise, being 20 years. The cost of acquisition is discounted as described in note 1(i) where settlement of any part of cash consideration is deferred.

(ii) Development of Assets

Costs incurred with major software development and major projects are capitalised where it is probable that future economic benefits will eventuate. Capitalised costs are deferred until such time the asset is ready for use. Capitalised costs are amortised over 3 years.

n. Accounts Payable

Liabilities are recognised for amounts to be paid in the future**,** for goods and services received up to the reporting date, whether or not billed. Trade accounts payable are settled within normal terms and conditions, with terms generally ranging from 7 to 55 days. Some agreements, for example those relating to certain commission payments, can require quarterly or annual settlement.

o. Employee Entitlements

(i) Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave represent the amount which the IOOF Holdings Ltd Group has a present obligation to pay resulting from employees' services provided up to balance date. Amounts to be settled within 12 months are recognised in other creditors. These liabilities are recognised at the remuneration rates expected to be paid when obligations are settled and include related on-costs.

(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.

Liabilities for employee entitlements which are not expected to be settled within 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. 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 has been given to future increases in wage and salary rates, and experience with employee departures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Employee Entitlements (cont.)

(iii) Termination Benefits
Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. These liabilities for termination benefits are recognised within other creditors.

Liabilities for redundancies arising from restructuring occurring as a consequence of an acquisition of an entity or operation, are only recognised when the main features of a plan have been developed for redundancies and a valid expectation has been raised in those employees affected that the redundancies will be carried out. These liabilities for redundancies are recognised within provisions for restructure.

Liability for termination benefits and redundancies that are expected to be settled within 12 months are measured at the amount expected to be paid when they are settled.

Liabilities for termination benefits and redundancies which are not expected to be settled within twelve 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. 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.

(iv) Employee Benefits On-Costs
Employee benefits on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Equity Based Compensation Benefits
Equity based compensation benefits are provided to employees via an employee share scheme. Shares allocated to employees pending the satisfaction of performance prerequisites, are placed with the IOOF Executive Performance Share Plan Trust. IOOF Holdings Ltd has no control over the Trust and therefore has no right to recall placed shares. The acquisition cost of shares provided to the IOOF Executive Performance Share Plan Trust is recognised as an employee benefits expense when the shares are acquired. Where shares are issued to this trust, no expense is recognised. The shares will vest with individuals in accordance with the plan.

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 incentives 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.

(vi) 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.

p. Claims Recognition

Claims on non investment linked business are recognised when the event is notified to the company and an actuarial estimate is used as the basis to value claims not yet notified.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. 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 and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.
The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at reporting date are being amortised over periods ranging from 1 to 5 years.

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.

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 consolidated entity. Each lease payment is allocated between the liability and the finance charge.

r. Dividends

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

s. 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 serving equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

t. Goods and Services Tax

Revenue and expense items 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Rounding off of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

v. Comparatives

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial period

2. REVENUE

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue from operating activities				
Management fees:				
- Benefit funds	17,364	17,071	-	-
- Investment products	146,214	122,615	-	-
- Controlled entities	-	-	9,058	7,845
- Related entities	1,833	2,085	-	-
- Other entities	5,788	2,863	-	-
Commission revenue:				
- Non-related entities	14,416	12,049	-	-
Other fee revenue	692	437	-	-
	186,307	157,120	9,058	7,845
Revenue from outside the operating activities				
Interest revenue:				
- Directors & director-related entities	357	112	2	11
- Other related parties	149	147	-	-
- Non-related entities	2,293	2,352	886	1,367
	2,799	2,611	888	1,378
Dividends:				
- Controlled entities	-	-	14,000	13,000
- Non-related entities	124	291	88	243
Distributions:				
- Other related parties	2,799	672	1,366	47
Operating lease rental revenue				
- Non-related entities	-	495	-	-
Realised gains on investments	2,913	1,544	2,753	1,494
Change in excess of net market value over net assets of controlled entities	46,814	31,135	-	-
Profit on sale of shares in controlled entities	-	2,039	-	-
Other	1,759	1,895	101	203
	54,409	38,071	18,308	14,987
Life Insurance Revenue				
Direct insurance premiums	643	618	-	-
Revenues from ordinary activities	244,158	198,420	28,254	24,210
Share of net profits of associated entities:				
Share of associated entities' operating profit after income tax	5,099	2,214	-	-

3. EXPENSES

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Profit from ordinary activities before income tax includes the following specific expenses:				
Borrowing costs expense				
Interest:				
- Non-related entities	56	56	-	-
Expenses from ordinary activities, excluding borrowing costs expense:				
Net movement in provision for doubtful debts in respect of amounts receivable from:				
- Non-related parties	317	87	-	87
Depreciation of plant and equipment	732	1,563	370	21
Amortisation of Goodwill	182	146	-	-
Amortisation of software and infrastructure projects	2,474	5,343	-	-
Loss on disposal of plant and equipment	13	1	2	-
Realised losses on investments	380	-	124	-
Unrealised losses on investments	254	-	178	-
Operating lease rental expenses:				
- Non-related entities	2,658	3,829	456	293
Occupancy related expenses	1,826	1,230	328	253
Net transfers to employee provisions	2,793	2,989	374	506
Salaries and related expenses	39,343	43,037	5,518	7,502
Commission and management fees				
- Related entity	6,461	3,797	-	-
- Non-related entities	83,182	67,631	-	-
Insurance	1,186	1,184	-	111
Professional fees	9,665	8,200	3,674	4,857
Provision for diminution in value of investment				
- Other financial assets (Note 7)	547	1,390	-	300
- Associated entity (Note 8)	1,200	1,800	-	-
Marketing	3,910	4,337	110	94
Deferred acquisition costs amortisation	6,667	4,940	-	-
Computer maintenance and support	4,963	5,941	774	328
Office support	4,247	3,064	914	1,241
Other expenses from ordinary activities	4,808	5,155	765	751
	177,808	165,664	13,587	16,344
Life insurance operating expenses includes:				
Outward reinsurance expense	353	340	-	-
Policy payments/claims	390	344	-	-
Increase/ (decrease) in policy liabilities	(13)	(30)	-	-
Operating expenses	96	107	-	-
	826	761	-	-
Total expenses from ordinary activities, excluding borrowing costs expense	178,634	166,425	13,587	16,344

4. INCOME TAX EXPENSE

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Income tax expense				
Profit from ordinary activities before income tax	70,567	34,153	14,667	7,866
Prima facie income tax expense calculated on profit before tax @ 30%	(21,170)	(10,246)	(4,400)	(2,360)
Tax effect of permanent differences:				
Share of tax credits with benefit funds	(3,005)	(2,920)	-	-
(Non-deductible expenditure)/non assessable income	17,975	14,398	4,033	3,454
Over / (under) provision in prior years (Note 4 (a))	1,291	5,992	169	(656)
Other	1,029	199	55	128
Income tax (expense)/benefit attributable to profit from ordinary activities before impact of tax consolidation	(3,880)	7,423	(143)	566
Profit from ordinary activities before income tax expense - tax consolidation group (excluding parent entity) (Note 4 (c))			145,187	104,528
Prima facie income tax benefit/(expense) calculated on profit before tax @ 30%			(43,556)	(31,358)
Tax effect of permanent differences:				
(Non-deductible expenditure)/non assessable income			11,053	7,690
Over provision in prior years			1,022	6,298
Other			2,859	2,507
Income tax (expense)/benefit attributable to profit - tax consolidated group (excluding parent entity)			(28,622)	(14,863)
Income tax (expense)/benefit attributable to profit - tax consolidated group (inclusive of parent entity)			(28,765)	(14,297)
Net deferred tax liabilities of tax consolidated group entities assumed on implementation of tax consolidation			-	(4,376)
Pre tax consolidation tax refund			-	(6,297)
Compensation received from tax consolidated group entities			28,622	25,536
Income tax (expense)/benefit attributable to profit from ordinary activities	(3,880)	7,423	(143)	566
Aggregate income tax expense comprises:				
Current taxation provision	(6,215)	1,113	(388)	827
Deferred income tax provision	837	248	13	16
Future income tax benefit	207	70	63	379
Over/(under) provision in prior year	1,291	5,992	169	(656)
	(3,880)	7,423	(143)	566

(a) Over provision for tax

The over provision for tax arose due to an amendment of a prior year return in respect of a research and development claim for expenditure by a subsidiary and due to differences between tax provided per statutory accounts and tax calculated per the income tax returns.

The over provision for tax in relation to the prior year arose due to lodgment of an amended prior year tax return for a subsidiary following a change in tax legislation that allowed the utilisation of tax losses.

4. INCOME TAX EXPENSE (continued)

(b) Tax Losses

No part of the future income tax benefit shown in Note 11 is attributable to tax losses. Details of the potential future income tax benefit at 30 June 2005 in respect of tax losses not brought to account is set out in Note 11(b).

(c) Tax Consolidation

IOOF Holdings Ltd and its wholly owned entities have implemented the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office was notified of the decision before a consolidated income tax return for the year ended 30 June 2004 was lodged. The accounting policy on implementation of the legislation is set out in Note 1(b). The impact on the income tax expense for the year is disclosed in the tax reconciliation above.

The entities have also entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly owned entities reimburse IOOF Holdings Ltd for their share of the income tax expense arising in respect of their activities. This is recognised as a current tax related receivable / payable by IOOF Holdings Ltd and is 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.

Profit from ordinary activities for the tax consolidated group includes the profit generated by IOOF Ltd benefit funds. The profit of these funds is included in the tax consolidation group but does not form part of the consolidated profit disclosed in the financial statements.

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
5. CASH ASSETS				
Cash	32,106	60,141	16,231	38,398
Deposits on call	937	1,983	633	601
	33,043	62,124	16,864	38,999
6. RECEIVABLES				
Receivables	5,996	5,327	234	1,036
Provision for doubtful debts	(731)	(847)	(46)	(437)
	5,265	4,480	188	599
Interest receivable	470	93	-	-
Amount receivable from controlled entities	-	-	36,820	28,426
Amounts receivable from related parties	16,013	18,353	27	33
Distributions receivable	843	309	-	-
Dividends receivable	-	55	326	55
Tax related receivable from controlled entities	-	-	6,901	3,005
Tax related receivable from related entities (Note 6 (a))	38,126	20,774	38,126	20,770
	60,717	44,064	82,388	52,888

(a) Tax related receivables from related entities

IOOF Holdings Ltd, as head entity in the tax consolidation group, has recognised current and deferred net tax amounts relating to transactions and balances of the IOOF Ltd benefit funds and is compensated by the benefit funds. The benefit funds are not consolidated in the financial statements of the IOOF Holdings Ltd Group. (Note 15)

IOOF HOLDINGS LTD
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7. OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2005 $'000	**2004 $'000**	**2005 $'000**	**2004 $'000**
Debt securities				
- Unlisted unit trusts - other related parties (Note 27)	48,260	13,489	22,580	1,234
- Other debt securities	300	300	300	300
- Provision for diminution in value of investment	(300)	(300)	(300)	(300)
Total Debt Securities	48,260	13,489	22,580	1,234
Equity investments				
- Shares in listed corporations	-	5,485	-	5,485
- Shares in other corporations	5,549	3,932	-	-
- Provision for diminution in value of investment	(1,637)	(1,090)	-	-
- Shares in controlled entities	-	-	108,340	106,839
- Equity investment in member funds	7,192	7,192	-	-
- Unlisted unit trusts - other related parties (Note 27)	-	560	-	560
Total Equity Securities	11,104	16,079	108,340	112,884
Property Securities				
- Mortgages	114	189	114	189
- Unlisted unit trusts - other related parties	109	44	109	44
Total Property Securities	223	233	223	233
Other				
- Unlisted unit trusts - other related parties (Note 27)	106	119	50	26
- Unlisted unit trusts	150	150	-	-
- Loan to related parties (Note 27)	1,985	1,977	-	-
- Loans to directors of controlled entities (Note 27)	2,145	2,308	-	167
- Loans to executives of related entities (Note 27)	1,633	1,251	-	-
- Subordinated loan receivable from controlled entity (Note 27)	-	-	4,875	4,875
- Regulatory deposits (Note 7(a))	83	81	-	-
Total Other	6,102	5,886	4,925	5,068
Total	65,689	35,687	136,068	119,419

(a) Cash not available for use.
$83,105 (2004: $80,904) is held in cash to satisfy Australian Financial Services Licence requirements. This amount is not available for use.

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		2005	2004
Investment in associated companies		2,167	4,138
Reconciliation of carrying amounts:			
Balance at beginning of financial year		4,138	4,263
Additions during the year		-	531
Provision for diminution in value of investment	**(a)**	(1,200)	(1,800)
Less Investments not Equity accounted	**(b)**	(1,768)	-
Share of operating profit	**(c)**	7,174	3,164
Share of tax expense	**(c)**	(2,157)	(951)
Dividend paid	**(c)**	(4,020)	(1,069)
		2,167	4,138

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) IOOF Holdings Ltd has a 50% share and voting interest in Workforce Financial Services Pty Ltd ("Workforce") through its wholly owned subsidiary Outscope Limited. Workforce forms part of IOOF Group's distribution strategy and its principal activity was to provide financial planning and advisory services. The company incurred losses in previous years and ceased trading on 30 June 2005. Therefore, a permanent diminution in value has occurred. The investment has been written down to nil (2004: $1,202,078)

(b) The IOOF Group currently has a 5% interest in Financial Partnership Pty Ltd. Financial Partnership Pty Ltd was equity accounted in 2004 on the basis that it was economically dependent upon the IOOF Group. For 2005 the use of the equity method was discontinued in respect of the consolidated entity's interest in Financial Partnership Pty Ltd due to the inability of the consolidated entity to exercise significant influence over the company. The carrying amount disclosed as an equity accounted investment is nil (2004: $1,766,388) as this investment amounting to $1,850,000 has been reclassified to other financial assets.

(c) Perennial Investment Partners Limited (a subsidiary of IOOF Investment Management Limited) has a 50% shareholding interest in Perennial Value Management Limited with a 40% dividend entitlement to the profits of Perennial Value Management Limited. 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. The carrying amount in the consolidated entity is $2,167,661 (2004: $1,169,781)

9. OTHER ASSETS

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Prepayments	955	887	15	99
Deferred acquisition costs (Note 1(h))	9,165	13,438	-	-
	10,120	14,325	15	99

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
10. PLANT AND EQUIPMENT				
Office Equipment				
Cost	2,134	1,938	122	116
Accumulated depreciation	(1,401)	(1,250)	(35)	(1)
	733	688	87	115
Leasehold Improvements				
Cost	3,848	3,808	1,439	1,032
Accumulated depreciation	(2,676)	(2,564)	(358)	(22)
	1,172	1,244	1,081	1,010
Total Plant and Equipment				
Cost	5,982	5,746	1,561	1,148
Accumulated depreciation	(4,077)	(3,814)	(393)	(23)
	1,905	1,932	1,168	1,125

Reconciliations

	Consolidated					
	Total	Total	Leasehold Improvements	Leasehold Improvements	Office Equipment	Office Equipment
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Carrying amount at start of year	1,932	2,186	1,244	1,157	688	1,029
Additions	824	1,411	422	1,110	402	301
Disposals	(119)	(102)	-	(79)	(119)	(23)
Depreciation / amortisation	(732)	(1,563)	(494)	(944)	(238)	(619)
Carrying amount at end of year	1,905	1,932	1,172	1,244	733	688

	Parent					
	Total	Total	Leasehold Improvements	Leasehold Improvements	Office Equipment	Office Equipment
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Carrying amount at start of year	1,125	16	1,010	16	115	-
Additions	415	1,129	406	1,013	9	116
Disposals	(2)	-	-	-	(2)	-
Depreciation / amortisation	(370)	(20)	(335)	(19)	(35)	(1)
Carrying amount at end of year	1,168	1,125	1,081	1,010	87	115

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
11. TAX ASSETS				
Tax refund due	541	-	-	-
Future income tax benefit (Note 11(a))	5,713	5,938	5,263	5,560
	6,254	5,938	5,263	5,560
(a) Future Income Tax Benefit carried forward				
Future income tax benefits carried forward comprise:				
Timing differences	5,713	5,938	5,263	5,560
Tax losses	-	-	-	-
	5,713	5,938	5,263	5,560

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000

11. TAX ASSETS (continued)

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Reconciliation of the carrying amounts of future income tax benefits at the beginning and end of the current financial year are set out below:				
Carrying amount at start of year	5,938	3,527	5,560	1,522
Disposed on sale of business	-	(13)	-	-
Transfer of Future Income Tax Benefit to other group company	-	-	-	(13)
Transfer of Future Income Tax Benefit on tax consolidation	-	-	-	3,702
Tax return adjustments	293	(7)	319	(17)
Amount arising during the year	(202)	149	106	379
Future Income Tax Benefits not previously recognised/Adjustment to opening balances	(316)	2,282	(722)	(13)
Carrying amount at end of year	5,713	5,938	5,263	5,560

(b) Future Income Tax Benefits not recognised

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Certain future income tax benefits have not been recognised as an asset:				
Attributable to timing differences, the benefits of which are not assured beyond reasonable doubt	-	36	-	-
Attributable to tax losses, the benefits of which are not virtually certain	871	-	-	-
	871	36	-	-

The future income tax benefits will only be realised if:

i. the IOOF Holdings Ltd Group derives assessable income of a nature and of sufficient amount to enable the benefit from the deductions to be realised;

ii. the IOOF Holdings Ltd Group continues to comply with the conditions for deductibility imposed by the law; and

iii. there is no change in legislation which would affect the IOOF Holdings Ltd Group's ability to realise the benefit.

Future benefits of tax losses have been brought to account where there is virtual certainty as to their recovery.

(c) Tax Consolidation

IOOF Holdings Ltd and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office was notified of the decision before the consolidated tax return for the year ended 30 June 2004 was lodged.

12. INTANGIBLE ASSETS

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Computer Software and Infrastructure projects - at cost	28,548	26,624	-	-
Accumulated Amortisation	(16,065)	(15,128)	-	-
	12,483	11,496	-	-
Goodwill on acquisition	3,732	3,633	-	-
Accumulated Amortisation	(328)	(146)	-	-
	3,404	3,487	-	-
	15,887	14,983	-	-

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000

13. EXCESS OF NET MARKET VALUE OVER NET ASSETS OF CONTROLLED ENTITIES

Excess of net market value over net assets of controlled entities (Note 13(a))	184,785	125,637	-	-

(a) The movement in Excess of net market value over net assets of controlled entities is summarised as follows:

	Consolidated		
	2005 $'000	2004 $'000	Movement
IOOF Investment Management Limited	120,814	80,842	39,972
IOOF Investment Holdings Ltd	37,371	25,495	11,876
IOOF Ltd	26,600	19,300	7,300
	184,785	125,637	59,148
Adjustment to acquisition provisions regarding Superannuation and funds management business acquired from AM Corporation Limited (Note 13 (b))			(12,334)
Movement in excess of net market value over net assets recognised in the Statement of Financial Performance			46,814

(b) During the year, a deferred payment of $12,600,000 was made in respect of the acquisition of the business acquired in a previous year. The impact of this payment has been partially offset by a reassessment of acquisition and restructure provisions established at the time of acquisition.

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000

14. PAYABLES

Accounts payable	15,015	12,780	1,303	875
Amounts payable to controlled entities	-	-	2,058	2,136
Amounts payable to other related parties	1,000	2,082	-	-
Tax related payable to controlled entities	-	-	1,765	2,990
Other creditors - employee entitlements	6,755	7,056	1,077	1,044
	22,770	21,918	6,203	7,045

15. TAX LIABILITIES

Income tax	19,308	6,622	18,126	6,311
Deferred income tax (Note 15 (a))	28,871	17,346	28,730	17,320
	48,179	23,968	46,856	23,631

(a) Tax Consolidation

IOOF Holdings Ltd, as head entity in the tax consolidation group, has recognised current and deferred net tax amounts relating to transactions and balances of the IOOF Ltd benefit funds and will be compensated by the benefit funds. (Note 6)

16. PROVISIONS

Employee entitlements	1,014	1,175	220	584
Directors' retirement	824	536	824	536
Acquisition costs	60	3,853	-	-
Restructuring costs	594	872	345	-
Other provisions	4,394	7,698	3,315	4,198
	6,886	14,134	4,704	5,318

Acquisition costs

Provisions have been made for costs relating to the payments due under the business and share sale agreement with AM Corporation Limited, professional costs and statutory charges relating to these acquisitions undertaken during the prior year.

16. PROVISIONS (continued)

Restructuring costs

The provision for restructuring represents the present value of the directors' best estimates of the costs directly and necessarily caused by the restructuring that are not associated with the ongoing activities of the entity. Included within this provision is an amount relating to redundancies.

Other provisions

Provisions have been made for the present value of the directors' best estimates of various adviser loyalty payments and legal settlements. The directors believe, on reasonable grounds, that to include in this report particular information in relation to these items individually would likely result in unreasonable prejudice to the company. Accordingly, detailed information has not been included in this report.

Movements in provisions

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

	Directors' Retirement $'000	Acquisition Costs $'000	Restructure Costs $'000	Other Provisions $'000
Consolidated- 2005				
Balance at beginning of financial year	536	3,853	872	7,698
Additional provisions recognised	288	529	954	1,706
Reductions for provisions no longer required	-	-	-	(1,325)
Payments/other sacrifices of economic benefits	-	(4,322)	(1,232)	(3,685)
Balance at end of the financial year	824	60	594	4,394
Parent - 2005				
Balance at beginning of financial year	536	-	-	4,198
Additional provisions recognised	288	-	-	-
Reductions for remeasurement without cost	-	-	-	(883)
Balance at end of the financial year	824	-	-	3,315

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Employee Benefits and Related On-Costs Liabilities				
Included in other creditors (Note 14)	6,755	7,056	1,077	1,044
Provision for employee entitlements (Note 16)	1,014	1,175	220	584
	7,769	8,231	1,297	1,628

	Consolidated 2005 Number	Consolidated 2004 Number	Parent 2005 Number	Parent 2004 Number
Employee Numbers				
Number of employees at the end of the financial year	408	358	46	44

17. CONTRIBUTED CAPITAL

	Number of Shares	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Opening balance	63,435,547	170,136	129,382	170,136	129,382
Issued during the financial year	738,423	-	43,708	-	43,708
Less: Transaction costs arising on share issues	-	144	(2,954)	144	(2,954)
Closing Balance	64,173,970	170,280	170,136	170,280	170,136

(a) 738,423 shares were issued for no consideration to the Executive Performance Share Plan Trust. 500,000 shares issued to the Executive Performance Share Plan were issued to satisfy Mr Ron Dewhurst's guaranteed long term equity compensation as approved at the Annual General Meeting. The remaining shares issued to the Executive Performance Share Plan Trust were to meet approved long term incentives for the year ended 30 June 2005.

18. RETAINED PROFITS

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Retained Profits				
Balance at beginning of the financial year	75,863	34,693	11,960	3,528
Net profit attributable to members of IOOF Holdings Ltd	65,133	41,102	14,524	8,432
Dividends Paid	(12,761)	-	(12,761)	-
Retained (profits)/losses due to changes in ownership	(65)	68	-	-
Balance at end of the financial year	128,170	75,863	13,723	11,960

19. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Interest in:				
Share capital	2,639	2,242	-	-
Retained earnings	1,552	463	-	-
	4,191	2,705	-	-

20. DIVIDENDS

In October 2004, a final dividend in respect of the year ended 30 June 2004 was paid. This dividend amounted to $6.35 million and represented 10 cents per ordinary share franked to 100% based on tax paid at 30%.

In April 2005, an interim dividend in repect of the year ended 30 June 2005 was paid. This dividend amounted to $6.4 million and represented 10 cents per ordinary share franked to 100% based on tax paid at 30%. .

The Directors have recommended the payment of a final dividend of 12 cents per ordinary share franked to 100% based on tax at 30%.

Franked Dividends
The franking portions of the final dividends recommended after 30 June 2005 will be franked out of the existing franking credits or out of franking credits arising from the payment of income tax in the year ended 30 June 2006.

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2004: 30%)	13,914	18,690	12,486	17,934

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.

Comparatives for both the consolidated and the parent entity have been restated to comply with new taxation legislation that deems the IOOF Group to be a Life Insurance company for Franking account purposes.

21. EARNINGS PER SHARE

	Consolidated 2005 Cents	Consolidated 2004 Cents
Basic earnings per share	101.96	71.70

	Consolidated 2005 $'000	Consolidated 2004 $'000
Reconciliations of earnings used in calculating earnings per share		
Net Profit	66,687	41,576
Net (profit) / loss attributable to outside equity interests	(1,554)	(474)
Earnings used in calculating earnings per share	65,133	41,102

	Consolidated 2005 Number	Consolidated 2004 Number
Weighted average number of shares used in the calculation of earnings per share		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	63,880,624	57,333,580

IOOF Holdings does not have any issued securities that may be converted or will potentially form ordinary shares that may be dilutive to existing shareholders post the reporting date. As no potential ordinary shares exist, there is no requirement to report diluted earnings per share as it is not materially different from that of the basic earnings per share.

22. AUDITORS' REMUNERATION

Auditors' remuneration paid by members of the IOOF Holdings Ltd Group during the year and for the comparative prior period:

		Consolidated		Parent	
		2005 $	2004 $	2005 $	2004 $
a.	Auditing the financial reports				
	PricewaterhouseCoopers				
	Parent entity	254,000	167,329	254,000	167,329
	Controlled entities	366,830	209,703	-	3,279
	Other related parties	719,498	864,234	-	-
		1,340,328	1,241,266	254,000	170,608
b.	Other services				
	PricewaterhouseCoopers				
	Audit related services	413,246	98,454	167,900	-
	Taxation compliance and advisory services	343,335	213,242	117,875	96,229
	Other advisory services	-	307,458	-	254,624
	Investigating Accountants report	-	338,386	-	338,386
		756,581	957,540	285,775	689,239

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 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.

23. CONTINGENT LIABILITIES

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 Economic Entity has provided indemnities for contingent obligations to Westpac Banking Corporation Limited in respect of bankers undertakings provided by Westpac to various parties. The total contingent obligation at 30 June 2005 is $325,345 (2004: $253,345)

Contingent liabilities amounting to $1,500,000 (2004: $1,500,000) exist in relation to guarantees provided to support loans to advisors.

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash Advance Facility				
Total facility	20,000	20,000	20,000	20,000
Unused at balance date	20,000	20,000	20,000	20,000

The cash advance facility may be drawn down at any time following the 2 day drawdown notice period required by the lender, the Westpac Banking Corporation. The facility was established in September 2003 and was extended following a review. Each advance must be in multiples of $1,000,000 with the base interest rate being the Reuters BBSY bid rate for that period on the first day of the period drawn down.

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.

24. CAPITAL COMMITMENTS

During prior years, a subsidiary acquired interests in various dealer group entities and has part paid the agreed purchase price. Under the terms of the agreements with these dealer entities, the IOOF Holdings Ltd Group has a contingent commitment to contribute the remaining purchase price. The amount of the additional purchase price is contingent on the dealer entities reaching agreed levels of funds under management and administration.				
The maximum contingent consideration payable in respect of the dealer group agreements due within 12 months is:	1,154	2,839	-	-
Pursuant to a Share and Business sale agreement, the Company acquired the shares in AM Life Ltd and business of AM Corporation Ltd. The consideration included a deferred payment which was contingent on retention of prescribed levels of funds under management. The full amount of the deferred payment was made in October 2004				
The maximum contingent consideration payable in respect of this contract due within 12 months is:	-	12,600	-	-

25. OTHER COMMITMENTS

Operating Leases

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

- not later than one year	4,210	3,479	1,876	2,230
- later than one year, not later than five years	10,673	9,567	4,551	6,438
- later than five years	-	-	-	-
	14,883	13,046	6,427	8,668

26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Directors' and Executives' remuneration and the basis of remuneration are disclosed in the Remuneration Report contained in the Directors' report

The following information is additional to that required to be disclosed in the Remuneration Report:

Equity holdings and transactions for ordinary shareholdings in subsidiary companies

The number of shares in Perennial Investment Partners Ltd held during the financial year by each director and each specified executive of the consolidated entity, including their personally related entities, are set out below. Some of these shareholdings are subject to trading restrictions pending satisfaction of performance hurdles.

Directors

Name	Balance of share holding at 1 July 2004 Number	Net change as result of other transactions Number	Balance of share holding at 30 June 2005 Number
Mr M U R Crivelli	4,140	-	4,140

Specified Executives

Name	Balance of share holding at 1 July 2004 Number	Net change as result of other transactions Number	Balance of share holding at 30 June 2005 Number
Mr A Patterson	7,335	-	7,335

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

Directors

Name	Balance of share holding at 1 July 2004 Number	Net change as result of other transactions Number	Balance of share holding at 30 June 2005 Number
Mr M U R Crivelli	5,000	-	5,000

Loans to directors and executives

Details of loans made to directors of IOOF Holdings Ltd and each of the specified executives of the consolidated entity, including their personally related entities, are set out below.

Aggregates for directors and specified executives

Group	Balance of loans at 1 July 2004 $	Interest paid and payable for period $	Balance of loans at 30 June 2005 $	Number of individuals within group at 30 June 2004
Directors [21]	20,656	1,297	20,955	1
Specified Executives	2,058,383	147,935	2,206,318	1

Individuals with loans above $100,000 during the financial year.

Name	Balance of loans at 1 July 2004 $	Interest paid and payable for period $	Balance of loans at 30 June 2005 $	Highest indebtedness during the year $
Specified Executive				
Mr A Patterson [22]	2,058,383	147,935	2,206,318	2,206,318

Terms and Conditions of Loans Issued

[21] The amount lent to Mr Crivelli was $37,800. The unsecured loan was issued 18 August 1999. Interest is charged at the annually adjusted benchmark loan rate for fringe benefits tax purposes calculated daily and payable annually upon the anniversary date.

[22] Amounts lent to Mr Patterson included loans to assist him in the purchase of shares in Perennial Investment Partners Ltd and Perennial Value Management Ltd issued 2 April 2004. Interest on the loans is charged at the one-year bank bill swap rate plus 2%, and at the annually adjusted benchmark loan rate for fringe benefits tax purposes, respectively. Interest is calculated daily and payable annually upon the anniversary date.

Other transactions with directors and specified executives

There were no other transactions with directors and specified executives.

27. RELATED PARTIES

a. Identities of Related Parties

Controlled entities are detailed in Note 28. Other related parties were:
IOOF unit trusts including IOOF superannuation products
IOOF Benefit Funds

Directors and specified executives are set out in note 26.

b. Controlled Entities

The ownership interest in controlled entities in set out in note 28.

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.
- Subscription of shares in controlled entities.

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
c. Other Transaction with Related Parties				
Investments in related party trusts:				
IOOF Wholesale Cash & Short Term Securities Fund 45,419,247 units (2004: 12,508,785 units)	48,475	13,338	22,739	990
IOOF Balanced Trust Nil units (2004: 831,830 units)	-	874	-	874
Aggregate amounts included in the determination of profit from ordinary activities before related income tax that resulted from transactions with related parties other than disclosed in Note 2 and Note 3:				
Dividend revenue	-	-	14,000	13,000
Dividend - Other related	4,020	1,068	-	-
Interest revenue				
- Director and director related entities	357	112	2	11
- Other related parties	149	147	-	-
Management and Commission fees received				
- Related entities	-	-	9,058	7,845
- Other related entities	1,833	2,084	-	-
Management and Commission fees paid - Other related entities	4,765	3,798	-	-

27. RELATED PARTIES (continued)

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
(d) Unsecured loans to Directors of IOOF Holdings Limited, subsidiaries and related entities					
The aggregate value of loans to Directors of IOOF Holdings Ltd, subsidiaries and related entities as at balance date amounted to:		3,934,882	3,930,569	-	-
Interest revenue on loans to Directors of IOOF Holdings Ltd, subsidiaries and related parties:		285,272	75,979	-	-
Loans made to Directors of IOOF Holdings Ltd, subsidiaries and related parties during the year:	(d(i))	89,000	3,700,310	-	-

(i) The Directors of the IOOF Holdings Ltd Group and related entities who received the loans during 2004 financial year were Mr A Patterson, Mr J Murray and Mr K Series and during the 2005 financial year loans were advanced to Mr G Feben, Mr F Uhlenbruch, Mr A Mulcahy and Mr L Mickelburough. The loans were made on commercial terms and conditions for the specific purpose of assisting Directors to acquire an equity interest in related entities.

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Amounts written off by an entity in the IOOF Holdings Ltd Group in relation to loans provided for equity no longer held:	(d(ii))	-	86,042	-	28,344

(ii) Amounts written off during the previous financial year related to loans advanced to Mr I Macoun, Mr M Crivelli and Mr A Hodges and were $38,124, $19,574 and $28,344 respectively including interest.

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
(e) Secured loans to Directors of the IOOF Holdings Limited Group					
The value of the loan to a Director of the IOOF Holdings Ltd subsidiaries as at balance date amounted to:	(e(i))	-	167,000	-	167,000
Interest revenue on the loan from IOOF Holdings Ltd Group:		2,095	11,147	2,095	11,147
Loans made to Directors of the IOOF Holdings Ltd subsidiaries repaid during the year:		(167,000)	-	(167,000)	-

(i) The Director within the IOOF Holdings Ltd Group who received the loan referred to above was Mr K Series. The loan was made on commercial terms and conditions for the specific purpose of assisting Director to acquire an equity interest in related entities. Mr K Series repaid this loan following his resignation.

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
(f) Other unsecured loans to related and associated parties of the IOOF Holdings Limited Group					
The value of the loans to related and associated parties as at balance date amounted to:		27,253	87,253	27,253	27,253
Interest revenue on the loan from IOOF Holdings Ltd Group:		12,269	429	-	-
Loans repaid during the year:		(60,000)	(67,616)	-	-
Loans made to related and associated parties of the IOOF Holdings Ltd Group during the year:	(f(i))	-	60,000	-	-

(i) The associated party who received loans from the IOOF Holdings Limited Group was Financial Partnership Pty Ltd. This loan was advanced in May 2004 for the amount of $60,000 and was fully repaid during the year. The loan was made on commercial terms and conditions.

27. RELATED PARTIES (continued)

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
(g) Unsecured loans to Executives of the IOOF Holdings Limited Group				
The aggregate value of loans to Executives of IOOF Holdings Limited, subsidiaries and related parties as at balance date amounted to:	1,633,574	1,250,974	-	-
Interest revenue on loans to Executives of IOOF Holdings Ltd, subsidiaries and related parties:	102,180	21,505	-	-
Loans made to Executives of IOOF Holdings Ltd, subsidiaries and related parties during the year:	431,600	1,250,974	-	-
Loans repaid during the year	(49,000)	-	-	-

Executives who were advanced loans in the 2004 financial year referred to above are Mr H Giddy, Mr P Durham, Mr H Behncke and Mr S Bruce and during the 2005 financial year loans During the current year loans were made to Mr S Chivers, Mr A McLachlan, Mr N Murphy, Mr M Swan, Mr A Sutherland, Mr R McDougall and Mr K West. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender. Otherwise, the unsecured loans were made on commercial terms and conditions for the specific purpose of assisting Executives to acquire an equity interest in a related entity. Mr M Swan repaid his loan following his resignation.

(h) Subordinated loan advanced to a controlled entity from the Company

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
The net value of the loan advanced to Perennial Investment Partners Limited as at balance date amounted to:	-	-	2,817,738	2,817,738
Loans advanced during the financial year to controlled entities by the Company.	-	-	-	2,817,738
Interest revenue on subordinated loans	-	-	213,088	-

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 was advanced to Perennial Investment Partners Limited. The loan has been advanced for a period of 5 years with interest receivable quarterly in arrears at the one year swap rate plus 2% determined quarterly.

(i) Ultimate parent entity

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

28. CONTROLLED ENTITIES

	Company's Equity Holding 2005 %	Company's Equity Holding 2004 %
Parent entity:		
IOOF Holdings Ltd		
Controlled entities:		
IOOF Life Ltd	100.0	100.0
IOOF Ltd	100.0	100.0
IOOF Investment Holdings Ltd	100.0	100.0
IOOF Investment Management Limited	100.0	100.0
Security Management Services Pty Ltd	100.0	100.0
OutScope Ltd (formerly Australian Financial Planning Network Ltd)	100.0	100.0
Winchcombe Carson Financial Planning Pty Ltd	100.0	100.0
August Management Services Pty Limited	100.0	100.0
Perennial Investment Partners Limited	78.2	77.2
Perennial Investment Partners Asia Limited	74.2	59.4
Perennial Fixed Interest Partners Pty Ltd	49.1	77.2
Perennial Growth Management Pty Ltd	46.9	77.2
Perennial International Equities Management Pty Ltd	78.2	77.2

All companies are incorporated and carry on business in Australia.

28. CONTROLLED ENTITIES (continued)

a. The investment in IOOF Investment Management Limited, IOOF Ltd and IOOF Investment Holdings Limited is through IOOF Life Limited which directly holds a 100% (30 June 2004: 100%) shareholding in these entities.

b. The group directly holds a 100% (30 June 2004: 100%) shareholding in OutScope Ltd.

c. The investment in Winchcombe Carson Financial Planning Pty Limited is through OutScope Ltd which directly holds a 100% (30 June 2004: 100%) shareholding in the entity.

d. The investment in August Management Services Pty Limited is through IOOF Investment Holdings Limited which directly holds a 100% (30 June 2004: 100%) interest.

e. During the year Perennial Investment Partners Limited executed a buy-back arrangement with a departing employee. The agreement was for 1,062 Perennial Investment Partners Limited shares which have subsequently been cancelled. The Group's effective ownership through IOOF Investment Management Limited increased from 77.2% to 78.2% following the sale of shares from the executive to Perennial Investment Partners Limited. Perennial Investment Partners Limited accepted these shares as part payment on an outstanding loan owed by that executive.

f. **(i)** During the year, Perennial Investment Partners Limited accepted 12,500 shares in Perennial Investment Partners Asia Limited as part payment for a loan owing by a departing executive. Further, IOOF Investment Management Limited, a wholly owned subsidiary of the Group and majority shareholder of Perennial Investment Partners Limited, agreed to accept 5,000 shares in Perennial Investment Partners Asia Limited from the departing executive as consideration for another outstanding loan balance. These shares were subsequently sold by IOOF Investment Management Limited to Perennial Investment Partners Limited. These transactions increased the shareholding of Perennial Investment Partners Asia Limited from 77% to 94.9%.

(ii) During the year, the IOOF Group's investment in Perennial Fixed Interest Partners Pty Ltd was converted from one ordinary share into 60,000 ordinary shares. Perennial Fixed Interest Partners Pty Ltd then issued an additional 40,000 shares to executives of Perennial Fixed Interest Partners Pty Ltd for the consideration of $382,900. This effectively reduced the group's ownership of Perennial Fixed Interest Partners Pty Ltd from 77.2% to 46.9%. The subsequent departure of an executive of Perennial Fixed Interest Partners Pty Ltd resulted in the buy back of 3,334 shares by Perennial Fixed Interest Partners Pty Ltd and Perennial Investment Partners Limited acquired a further 716 shares under the terms of the shareholding agreement. This increased the ownership from 46.9% to 49.1% The group has continued to consolidate Perennial Fixed Interest Partners Pty Ltd due to its ability to ultimately control its decision making.

(iii) During the year, the IOOF Group's investment in Perennial Growth Management Pty Ltd was converted from one ordinary share into 60,000 ordinary shares. Perennial Growth Management Partners Pty Ltd then issued an additional 40,000 shares to executives of Perennial Growth Management Pty Ltd for the consideration of $137,700. This effectively reduced the group's ownership of Perennial Growth Management Pty Ltd from 77.2% to 46.9%. The group has continued to consolidate Perennial Growth Management Pty Ltd due to its ability to ultimately control its decision making.

29 SEGMENT INFORMATION

Primary reporting - business segments

2005	Wholesale Funds Management	Retail Funds Management and Administration	Inter segment elimination's/ Unallocated	Consolidated
	$'000	$'000	$'000	$'000
Revenue from operating activities	8,118	154,918	23,271	186,307
Revenue from other activities	538	5,518	2,228	8,284
Inter-segment sales	5,100	24,224	(29,324)	-
Profit on sale of shares	-	-	2,753	2,753
Movement in excess of net market value over net assets	30,201	16,613	-	46,814
Total Revenue	43,957	201,273	(1,072)	244,158
Share of net profits of associates	5,018	81	-	5,099
Total Segment Revenue	48,975	201,354	(1,072)	249,257
Operating expenses				
- Commissions and management expenses	1,801	102,953	(15,111)	89,643
- Depreciation and amortisation	57	2,966	366	3,389
- Amortisation of deferred acquisition costs	-	6,667	-	6,667
- Other expenses	11,301	54,602	13,088	78,991
Total Segment Expense	13,159	167,188	(1,657)	178,690
Profit from ordinary activities before income tax expense	35,816	34,166	585	70,567
Income tax credit/(expense)	(764)	(3,010)	(106)	(3,880)
Net Profit	35,052	31,156	479	66,687
Segment assets	93,411	157,381	130,137	380,929
Inter-segment assets	275	4,082	(4,357)	-
Total assets	93,686	161,463	125,780	380,929
Segment liabilities	643	21,994	55,651	78,288
Inter-segment liabilities	10,808	(4,083)	(6,725)	-
Total liabilities	11,451	17,911	48,926	78,288
Investments in associates and joint venture partnerships	2,168	-	-	2,168
Acquisition of property, plant and equipment	22	387	415	824

Secondary reporting - geographical segments

The IOOF Holdings Ltd Group operates in the one geographical segment of Australia.

29. SEGMENT INFORMATION (continued)

2004	Wholesale Funds Management	Retail Funds Management and Administration	Inter segment elimination's/ Unallocated	Consolidated
	$'000	$'000	$'000	$'000
Revenue from operating activities	6,036	144,465	6,619	157,120
Revenue from other activities	186	4,575	3,365	8,126
Inter-segment sales	3,952	8,459	(12,411)	-
Profit on sale of shares	2,052	(13)	-	2,039
Movement in excess of net market value over net assets	16,651	14,484	-	31,135
Total Revenue	28,876	171,970	(2,426)	198,420
Share of net profits of associates	2,212	2	-	2,214
Total Segment Revenue	31,088	171,972	(2,426)	200,634
Operating expenses				
- Commissions and management expenses	1,360	83,373	(13,637)	71,096
- Depreciation and amortisation	9	7,023	20	7,052
- Amortisation of deferred acquisition costs	-	4,940	-	4,940
- Other expenses	10,581	56,487	16,325	83,393
Total Segment Expense	11,950	151,824	2,708	166,481
Profit from ordinary activities before income tax expense	19,139	20,149	(5,135)	34,153
Income tax credit/(expense)	(311)	7,168	566	7,423
Net Profit	18,828	27,317	(4,569)	41,576
Segment assets	55,682	181,129	72,413	309,224
Inter-segment assets	3,908	1,237	(5,145)	-
Total assets	59,590	182,366	67,268	309,224
Segment liabilities	2,916	27,131	30,473	60,520
Inter-segment liabilities	7,459	30,927	(38,386)	-
Total liabilities	10,375	58,058	(7,913)	60,520
Investments in associates and joint venture partnerships	1,170	2,968	-	4,138
Acquisition of property, plant and equipment	9	273	1,129	1,411

Secondary reporting - geographical segments
The IOOF Holdings Ltd 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 1 and the segment reporting accounting standard, AASB 1005 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. Segments assets include all assets used by a segment and consist primarily of operating cash, receivables, plant and equipment and 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.

29. SEGMENT INFORMATION (continued)

(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

Wholesale Funds Management	Management and investment of monies on behalf of private, corporate, superannuation and institutional clients.
Retail Funds Management and Administration	Distribution and administration of retail funds including financial planning and back office services to dealers groups aligned to the IOOF Group.

(d) Comparative Information

Where appropriate, reclassification of prior year's segment information is made to reflect current year presentation.

30. NOTES TO THE STATEMENTS OF CASH FLOWS

a. Reconciliation of cash assets

For the purpose of the statements of cash flows, cash includes cash on hand and in banks, deposits at call, including unit investments readily convertible to cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash	32,106	60,141	16,231	38,398
Deposits on call	937	1,983	633	601
	33,043	62,124	16,864	38,999
Units in IOOF Wholesale Cash & Short Term Securities Trust	48,475	13,338	22,739	990
	81,518	75,462	39,603	39,989

b. Reconciliation of net cash provided by/(used in) operating activities to profit from ordinary activities after income tax

	Consolidated 2005 $'000	Consolidated 2004 $'000	Parent 2005 $'000	Parent 2004 $'000
Profit from ordinary activities after income tax	66,687	41,576	14,524	8,432
Net depreciation on plant and equipment	734	1,563	372	20
Net amortisation of intangible assets	2,657	5,490	-	-
(Profit)/loss on disposal of assets	11	(1)	-	-
(Profit)/loss on disposal of investments	(2,753)	(3,530)	(2,753)	(1,478)
Share of profit in associated investment	(998)	(1,061)	-	-
Non cash adjustment for unrealised gains	(61)	(89)	-	-
Non cash adjustment to provision for diminution of investments	1,747	3,190	-	-
Non cash adjustment to financial assets	292	83	-	-
Non cash adjustment to provisions	582	-	-	-
Net non cash adjustment to outside equity interest	(82)	44	-	-
Non cash adjustment on issue of ordinary shares	-	-	145	-
Changes in excess of net market value	(46,814)	(31,651)	-	300
Changes in net operating assets and liabilities:				
(Increase)/decrease in receivables	(15,968)	(30,020)	(27,736)	(34,510)
(Increase)/decrease in other assets	4,205	1,330	83	(61)
(Increase)/decrease in future income tax benefit	224	364	297	(4,038)
(Increase)/decrease in income tax receivable	(541)	(2,411)	-	-
Increase/(decrease) in payables	763	2,977	(2,899)	3,695
Increase/(decrease) in life insurance liabilities (net)	(14)	(30)	-	-
Increase/(decrease) in provisions	(4,203)	(7,289)	(322)	885
Increase/(decrease) in income tax payable	12,686	6,348	11,815	6,311
Increase/(decrease) in deferred income tax payable	11,525	16,593	11,409	17,277
Net cash provided by/(used in) operating activities	30,679	3,476	4,935	(3,167)

31. FINANCIAL INSTRUMENTS

a. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b. Credit Risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the economic entity. The carrying amount of financial assets recorded in the statement of financial position, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group does not have any significant credit risk exposure to any single counterpart.

c. Interest Rate Risk

The following table details the Group's exposure to interest rate risk as at the reporting date:

				Fixed Interest Rate			
2005	**Notes**	**Average Interest Rate**	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
		%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash & cash equivalents	5	4.95	33,043	-	-	-	33,043
Receivables	6	-	-	-	-	60,717	60,717
Other financial assets - investments	7 **(i)**	7.29	5,763		114	59,729	65,606
			38,806	-	114	120,446	159,366
Financial Liabilities							
Accounts payable	14 **(ii)**	-	-	-	-	16,015	16,015
Income Tax payable	15	-	-	-	-	19,308	19,308
			-	-	-	35,323	35,323
Net Financial Assets			38,806	-	114	85,123	124,043

				Fixed Interest Rate			
2004	**Notes**	**Average Interest Rate**	**Variable Interest Rate**	**Less than 1 Year**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
		%	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash & cash equivalents	5	4.87	62,124	-	-	-	62,124
Receivables	6	-	-	-	-	44,064	44,064
Other financial assets - investments	7 **(i)**	7.5 - 11.9	5,536	-	189	29,881	35,606
			67,660	-	189	73,945	141,794
Financial Liabilities							
Accounts payable	14 **(ii)**	-	-	-	-	14,862	14,862
Income Tax payable	15	-	-	-	-	6,622	6,622
			-	-	-	21,484	21,484
Net Financial Assets			67,660	-	189	52,461	120,310

(i) The other financial assets total above excludes the $83,105 (2004: $80,904) regulatory deposit as it is not considered to be a financial instrument. This deposit is held in cash to satisfy the Australian Financial Services licence requirements and is not available for use within the operations of the company.

(ii) Accounts payable total as shown above excludes other creditors relating to employee entitlements as this item does not meet the definition of a financial instrument.

d. Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

32. LIFE INSURANCE BUSINESS

	Consolidated		Parent	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
a. Life insurance underwriting result				
Premium income and related income	643	617	-	-
Outwards reinsurance expense	(353)	(340)	-	-
Net premium income	290	277	-	-
Net claims expense	65	60	-	-
Policy maintenance	96	85	-	-
Other	-	22	-	-
Operating expenses	161	167	-	-
Underwriting result	129	110	-	-
b. Life insurance investment result				
Life insurance investment revenue:				
Equity securities	-	-	-	-
Debt securities	-	-	-	-
Other investments	41	37		
	41	37	-	-
c. Operating profit after income tax				
Life insurance business operating profit after income tax arose from movements in policy liabilities	56	164	-	-
Planned margins of revenue over expenses released	25	10	-	-
Difference between actuarial and assumed experience	6	144	-	-
Investment earnings on assets in excess of policy liabilities	25	10	-	-
Operating profit after income tax	56	164	-	-
d. Life insurance investment assets				
Equity securities	-	-	-	-
Debt securities	-	-	-	-
Other investments	600	676	-	-
	600	676	-	-
e. Life insurance policy liabilities				
Future policy benefits	91	104	-	-
Future expenses	-	-	-	-
Future shareholder profit margins	-	-	-	-
Balance of future premiums	-	-	-	-
	91	104	-	-
Gross policy liabilities	453	500	-	-
Less: Reinsured policy liabilities	-	-	-	-
- Gross policy liabilities ceded	(362)	(396)	-	-
	91	104	-	-

32. LIFE INSURANCE BUSINESS (continued)

f. Allocation and distribution of profit of statutory funds

Allocation of profit from ordinary activities

As IOOF Life Limited does not have any participating business, all profit is allocated to the shareholder.

Distribution of retained profits

Distribution of retained profits to the shareholder is governed by the requirements of Section 62 of the Life Insurance Act 1995 and is made on the advice of the Appointed Actuary.

g. Summary of significant actuarial methods and assumptions

The effective date of the actuarial report on the policy liabilities and solvency reserves is 30 June 2004. The actuarial report was prepared by Mr G.C.Martin, BA, FIAA, ASIA and was dated 24 August 2005. The actuarial report indicates that Mr Martin is satisfied as to the accuracy of the data upon which the policy liabilities have been determined.

Policy Liabilities

Policy liabilities for Life subsidiary companies have been calculated using the Margin on Services (MoS) method as required by Actuarial Standard AS1.03 "Valuation Standard" issued by the Life Insurance Actuarial Standards Board under the Life Insurance Act 1995.

The Policy Liabilities relate to policies in force at 30 June 2005 and together with applicable future premiums and, investment earnings, are sufficient to:
(i) meet the expected payment of future benefits and expenses; and

(ii) provide for the systematic release of profit from those policies as services are provided and incomes received.

Actuarial Methods

Expenses upon policy acquisition and policy maintenance for all products are defined in terms of a service agreement with other entities within the IOOF Group. These expense levels are expected to continue during any foreseeable ownership by the IOOF Group and have been adopted in the calculations for Policy Liabilities and Solvency Reserves.

The policy liability for lump sum risk insurances covering death, or death and total permanent disablement is calculated using the accumulation method and comprises a reserve for unexpired risks, for claims that have been incurred but not yet reported, and for claims expected during the days of grace following failure to pay a premium. These risk insurance reserves are based on analysis of recent claims experience.

Solvency requirements

Solvency reserves are required to meet the prudential standards determined in accordance with Actuarial Standard AS 2.03 "Solvency Standard" issued by the Life Insurance Actuarial Standards Board 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.

32. LIFE INSURANCE BUSINESS (continued)

h. Disaggregated information of life insurance business by fund:

Segment Information - Abbreviated Statement of Financial Position

	Statutory Fund No 1					
	Non-Investment-Linked Business					
	Ordinary		Superannuation		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Investment Assets Held Directly	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Convertible Notes	-	-	-	-	-	-
Other Direct	-	-	-	-	-	-
Total Investment Assets	-	-	-	-	-	-
Policy Liabilities Ceded	251	278	111	118	362	396
Other Assets	615	490	285	210	900	700
Total Assets	866	768	396	328	1,262	1,096
Gross Policy Liabilities	314	351	139	149	453	500
Policy Liab. Assumed under Reinsurance	-	-	-	-	-	-
Policy Owner Bonuses	-	-	-	-	-	-
Other Liabilities	128	19	56	8	184	27
Total Liabilities	442	370	195	157	637	527
Net Assets	424	398	201	171	625	569
Shareholder's Equity						
- Contributed Equity	280	280	120	120	400	400
- Shareholder's Retained Profits (Aust, Non-Par)	144	118	81	51	225	169
Total Shareholders' Equity	424	398	201	171	625	569
Total Equity	424	398	201	171	625	569

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to annual reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS (AIFRS), and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretations adopted by the International Accounting Standards Board. The adoption of these AIFRS pronouncements will be first reflected in the Group's financial statements for the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made retrospectively against opening retained profits as at 1 July 2004.

The Group has established a project team to manage the transition to AIFRS, and has prepared a detailed project plan. The project team is chaired by the Chief Financial Officer and reports to the Audit Committee at least quarterly. The plan includes training of staff, the process for making decisions where choices of accounting policies are available, and changes to systems and internal controls necessary to gather all the required financial information. The project plan is currently on schedule.

The project team has analysed all the AIFRS issued to date, and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under *AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards* . These choices have been analysed to determine the most appropriate accounting policy for the Group.

The known or reliably estimable impacts on the financial reports for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statement of financial performance and statement of financial position with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. Amended or additional standards or interpretations may be issued by the AASB and the International Accounting Standards Board. Until the Group prepares its first full AIFRS financial statements, the possibility can not be excluded that the following adjustments may have to be revised.

AIFRS Impact on statement of financial performance

	Notes	ECONOMIC ENTITY			PARENT ENTITY		
		Existing GAAP $'000	Effect of Change $'000	AIFRS $'000	Existing GAAP $'000	Effect of Change $'000	AIFRS $'000
Revenues from ordinary activities	(a)(c)	244,158	47,200	291,358	28,254	-	28,254
Expenses from ordinary activities	(a)(g)(h)(i)(j)	(178,634)	(71,286)	(249,920)	(13,587)	(1,376)	(14,963)
Borrowing costs expense		(56)	-	(56)	-		-
Share of Net Profits of associated entities accounted for using the equity method		5,099	-	5,099	-	-	-
Profit from ordinary activities before income tax		70,567	(24,086)	46,481	14,667	(1,376)	13,291
Income tax (expense) / benefit	(a)(k)	(3,880)	(25,409)	(29,289)	(143)	5	(138)
Net Profit		66,687	(49,495)	17,192	14,524	(1,371)	13,153
Net (profit) / loss attributable to outside equity interest	(i)	(1,554)	4	(1,550)	-	-	-
Net Profit attributable to members of IOOF Holdings Ltd		65,133	(49,491)	15,642	14,524	(1,371)	13,153
Total revenues, expenses and valuation adjustments attributable to members of IOOF Holdings Ltd and recognised directly in equity		-	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		65,133	(49,491)	15,642	14,524	(1,371)	13,153

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

AIFRS Impact on statement of financial position

	Note	ECONOMIC ENTITY			PARENT ENTITY		
		Existing GAAP $'000	Effect of Change $'000	AIFRS $'000	Existing GAAP $'000	Effect of Change $'000	AIFRS $'000
Assets							
Cash assets	(a)	33,043	14,134	47,177	16,864	-	16,864
Receivables	(a)	60,827	24,477	85,304	80,623	-	80,623
Other financial assets	(a)	65,579	1,029,798	1,095,377	136,068	-	136,068
Investments accounted for using the equity method		2,167	-	2,167	-	-	-
Other assets		10,120	-	10,120	15	-	15
Plant and equipment		1,905	-	1,905	1,168	-	1,168
Tax assets	(k)	6,254	2,483	8,737	5,263	(3,234)	2,029
Gross policy liabilities ceded under reinsurance		362	-	362	-	-	-
Intangible assets	(e)(f)(g)	15,887	60,672	76,559	-	-	-
Excess of net market value over net assets of controlled entities	(c)	184,785	(184,785)	-	-	-	-
Total Assets		380,929	946,779	1,327,708	240,001	(3,234)	236,767
Liabilities							
Payables	(i)(j)	22,770	667	23,437	4,353	25,528	29,881
Tax liabilities	(a)(k)	48,179	25,390	73,569	46,856	(28,716)	18,140
Provisions	(i)(j)	6,886	(309)	6,577	4,789	(114)	4,675
Policy liabilities		453	-	453	-	-	-
Member liabilities - Benefit Funds	(a)	-	1,041,942	1,041,942	-	-	-
Total Liabilities		78,288	1,067,690	1,145,978	55,998	(3,302)	52,696
NET ASSETS		302,641	(120,911)	181,730	184,003	68	184,071
Equity							
Parent entity interest							
Contributed capital		170,280	-	170,280	170,280	-	170,280
Reserve for share-based payments		-	1,831	1,831	-	1,831	1,831
Retained profits	(a)(c)(e)(g)(h)(i)(j)(k)	128,170	(122,748)	5,422	13,723	(1,763)	11,960
Total Parent Entity Interest		298,450	(120,917)	177,533	184,003	68	184,071
Outside equity interests	(i)	4,191	6	4,197	-	-	-
TOTAL EQUITY		302,641	(120,911)	181,730	184,003	68	184,071

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Notes explaining the impacts on the financial report had it been prepared under AIFRS:

(a) Consolidation of Benefit Funds

The consolidated entity controls certain benefit funds which have not previously been included in its financial statements due to APRA Prudential Rule 47 *Friendly Society Financial Statements* and ASIC Class Order 99/1225 *Financial Reporting Requirements for Benefit Fund Friendly Societies*. On transition to AIFRS the exemption no longer applies and these funds will be required to be consolidated in accordance with AASB 127 *Consolidated and Separate Financial Statements*. The contracts that the Benefit Funds write include life insurance contracts, which are accounted for under AASB 1038 *Life Insurance Contracts*, including some contracts with discretionary participation features, and life investment contracts which will be accounted for in accordance with AASB 118 *Revenue* and AASB 139 *Financial Instruments: Recognition and Measurement*.

If this change in policy had been applied, the following impact on the consolidated statements would have resulted:

- cash assets would have increased by $14,134,000
- receivables would have increased by $24,476,000
- other financial assets would have increased by $1,029,798,000
- deferred tax assets would have increased by $8,000
- payables would have increased by $571,000
- deferred tax liability would have increased by $25,390,000
- member liabilities would have increased by $1,041,942,000
- opening retained profits would have increased by $74,000
- revenues from ordinary activities would have increased by $94,014,000
- expenses from ordinary activities would have increased by $67,926,000
- income tax expense would have increased by $25,649,000

There would have been no impact on the parent entity's financial statements.

(b) Financial instruments

The group will be taking advantage of the exemption available under AASB 1 to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* only from 1 July 2005. This allows the group to apply previous AGAAP to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 139, financial assets will be classified as either at fair value through profit or loss, held-to-maturity, available for sale, or loans and receivables and, depending on their classification, will be measured at fair value or amortised cost. The classification may differ from that currently used by the group. Financial assets classified as available for sale will be measured at fair value, with changes in those fair values recognised directly in equity until the underlying asset is derecognised. Financial assets will be assessed at each reporting date as to whether there is any objective evidence of the asset or group of assets being impaired.

This differs from the current accounting policy under AGAAP whereby the group recognises all changes in the value of financial assets measured at fair value in the Statement of Financial Performance.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

(c) Excess of net Market Value over Net Assets of controlled entities (EMVONA)

A life insurer, under the 1998 version of AASB 1038 Life Insurance Business, recognises as a separate asset in its consolidated financial statements, the excess of the net market value of its interests in subsidiaries over the net assets of those subsidiaries that are recognised in the consolidated financial statements (the "EMVONA asset"). Under the AIFRS version of AASB 1038 Life Insurance Contracts, the EMVONA asset is not allowed because it is inconsistent with AASB 127 Consolidated and Separate Financial Statements (which requires line-by-line consolidation of all subsidiaries) and AASB 138 Intangible Assets (to the extent that the EMVONA asset comprises internally generated goodwill. See (e) below).

This will result in a change in the current accounting policy, under which the parent entity which is a life insurer recognises and discloses in the consolidated financial report any excess of the net market value of interests in controlled entities over the net assets of those subsidiaries.

If the policy required by AIFRS had been applied during the year ended 30 June 2005, consolidated retained profits at 30 June 2005 would have decreased by $184,785,000, with the corresponding de-recognition of the EMVONA asset in the statement of financial position. The increase in EMVONA for the year ended 30 June 2005 amounting to $59,148,000 (prior to the adjustment of acquisition provisions amounting to $12,334,000) would not have been recognised in revenue in the Statement of Financial Performance, and net profit before income tax would correspondingly have reduced by this amount. Opening retained profits would have decreased by $125,637,000. There would have been no impact on the parent entity's financial statements.

(d) Business combinations

The group will be taking advantage of the exemption under *AASB 1 First-time adoption of Australian Equivalents to International Financial Reporting Standards* not to apply AASB 3 *Business Combinations* to business combinations that occurred before the date of transition to AIFRS. This exemption will be applied to the two identified Business Combinations namely:

- the demutualisation and re-structure of the group in June 2002; and
- the acquisition of the AM Corporation's investment and superannuation businesses in March 2003.

The exemption will be utilised to avoid potential costs associated with restatement, to avoid difficulties in obtaining relevant data, and because there would be no "value added" in restating past business combinations.

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(e) AASB 1 adjustments to Goodwill on acquisition of subsidiaries

Under AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* AIG 100, upon transition to the revised version of AASB 1038 the EMVONA asset is de-recognised but the acquired goodwill that arose on the acquisition of each subsidiary would be recognised, net of any assessed impairment losses. The group will recognise goodwill resulting from the demutualisation and re-structure of the group in June 2002, and goodwill identified upon the acquisition of the AM Corporation’s investment and superannuation businesses acquired in March 2003.

In these financial statements prepared under AGAAP an amount of $58,337,000 was separately identified as acquired goodwill which was previously included in the carrying amount of the EMVONA asset. Accordingly, if the policy required under AIFRS had been applied, goodwill would have increased by $58,337,000. The impact of the decrease in retained profits as a result of the EMVONA adjustment in (c) above would be reduced by the recognition of this acquired goodwill, resulting in a net reduction in consolidated retained profits at date of transition of $67,300,000.

As noted in (c) above, an adjustment was made against the increment in EMVONA for the year ended 30 June 2005 for the acquisition provisions in relation to the AM Corporation's businesses that were acquired. This results in a reduction of goodwill in the financial statements prepared under AGAAP. If the policy required under AIFRS had been applied, goodwill would have increased by $12,334,000.

(f) Goodwill amortisation

Under AASB *3 Business Combinations* , amortisation of goodwill will be prohibited and will be replaced by annual impairment testing focusing on the cash flows of the related cash generating unit.

This will result in a change to current accounting policy, under which goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise, but not exceeding 20 years.

If the policy required under AASB 3 had been applied during the year ended 30 June 2005, consolidated goodwill at 30 June 2005 would have increased by $182,000, and consolidated amortisation expense for the year ended 30 June 2005 would have decreased by $182,000. There would have been no impact on the parent entity’s financial statements.

(g) Intangibles assets de-recognised

Under AASB 138 *Intangible Assets* there are strict recognition tests that are applied to both purchased and internally generated intangible assets. These tests assess whether the intangible asset is separable from the entity, controlled by the entity, provide future economic benefits, and the cost can be measured reliably.

This will result in a change to current accounting policy, under which certain computer software and project costs are capitalised where it is probable that future economic benefit will eventuate.

If the policy required under AASB 138 had been applied, the consolidated computer software and infrastructure projects asset would have decreased by $10,180,000 and consolidated retained profits at date of transition to AIFRS would have decreased by $8,091,000. Expenses from ordinary activities would have increased by $3,286,000; representing net additions for the year capitalised for AGAAP that would have been expensed under AIFRS. Amortisation of software and infrastructure projects would have decreased by $1,197,000 as a result of the de-recognised intangible assets. There would have been no impact on the parent entity’s financial statements.

(h) Executive share plan

Under AASB 2 *Share-based Payment* , from 1 July 2004 the Group is required to recognise an expense and increase equity for any equity instruments that have been granted to executives under performance incentive share plans and under the Chief Executive Officer’s contract of employment. The exemption under AASB 1 was applied to those equity instruments granted before 7 November 2002 and those that vested before 1 January 2005, but the remaining shares will be accounted for over the relevant vesting period.

This differs from the current accounting policy under AGAAP whereby the Group does not recognise an expense for equity based compensation where such compensation is satisfied by the issue of additional shares by the Group.

If the policy required by AASB 2 had been applied, consolidated and parent entity retained profits at 30 June 2005 would have decreased by $1,831,000, with a corresponding increase in the Reserve for share-based payments. The consolidated and parent entity Expenses from ordinary activities would have increased by $1,358,000, with a corresponding increase in the net movement in the Reserve for share-based payments.

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(i) Employee entitlement provisions and accruals

Under AASB 119 *Employee Benefits*, provisions for long service leave and accruals for annual leave are based on the benefit expected to be paid to the employee, excluding associated costs such as payroll tax and workers' compensation insurance. All employee benefits that are expected to occur twelve months after the end of the period in which the employee rendered the related service are to be discounted to the present value of the obligation at the reporting date.

This will result in a change to current accounting policy, under which associated on-costs are included in the calculation of the employee entitlement provisions and accruals. Under the current policy the accrual for annual leave that is expected to be taken beyond twelve months after the end of the period is not discounted to present value.

If the policy required under AASB 119 had been applied, employee on-costs would have been reclassified from Provisions to Payables. This would have resulted in a decrease in the non current long service leave provisions of $92,000 (Parent entity $16,000) and a corresponding increase in Payables.

The non current portion of the annual leave provision would have been discounted to comply with AASB 119. This would have resulted in a net decrease in Provisions of $123,000 (Parent entity $7,000). An increase in the retained profits at date of transition to AIFRS of $213,000 (Parent entity $21,000) would have been diminished by the effect on the Statement of Financial Performance where Expenses from ordinary activities for the year ended 30 June 2005 would have increased by $90,000 (Parent entity $14,000). The Outside equity interest in the Statement of Financial Performance would have decreased by $4,000 (Parent entity $nil); the Outside equity interest in the Statement of Financial Position would have increased by $6,000 (Parent entity $nil).

(j) Directors' retirement benefit

Under AASB 119 *Employee Benefits,* provisions for directors' retirement benefits that are expected to occur twelve months after the end of the period in which the director rendered the related service are to be discounted to the present value of the obligation at the reporting date.

This will result in a change to current accounting policy, under which the directors' retirement benefit that is expected to be taken beyond twelve months after the end of the period is not discounted to present value.

If the policy required under AASB 119 had been applied, the consolidated and parent entity directors' retirement provision at 30 June 2005 would have decreased by $90,000. The consolidated and parent entity Expense from ordinary activities for the year would have increased by $4,000, and retained profits at date of transition to AIFRS would have increased by $94,000.

(k) Income tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributed to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which the deferred tax balances are determined using the income statement method. Items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and the current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following would have resulted:

An increase in total consolidated deferred tax assets of $2,483,000 would have been recognised comprising:
- an increase in deferred tax assets of $2,535,000 relating to the de-recognition of intangible assets as described in (g) above, by which opening retained profits would have increased by $2,324,000 and income tax expense in the consolidated statement of financial performance would have decreased by $211,000.
- a decrease in deferred tax assets of $64,000 relating to a reduction in directors and employee entitlements as described in (i) and (j) above, by which opening retained profits would have decreased by $92,000 and income tax expense in the consolidated statement of financial performance would have decreased by $28,000.
- an increase in deferred tax assets of $8,000 relating to the consolidation of Benefit Funds, as described in (a) above.
- an increase in deferred tax assets of $4,000 relating to a write-down of investment in a subsidiary, by which opening retained profits would have increased by $4,000.

An increase in total consolidated deferred tax liabilities of $25,390,000 would have been recognised comprising:
- an increase in deferred tax liabilities of $25,390,000 relating to the consolidation of Benefit Funds, as described in (a) above.

A decrease in total parent entity deferred tax assets of $3,234,000 would have been recognised comprising:
- a decrease in deferred tax assets currently recognised in the head entity that would have been recognised by the tax group members under UIG 1052, amounting to $3,205,000
- a decrease in deferred tax assets of $29,000 relating to a reduction in directors and employee entitlements as described in (i) and (j) above, by which opening retained profits would have decreased by $35,000 and income tax expense in the consolidated statement of financial performance would have decreased by $6,000.

An decrease in total parent entity deferred tax liabilities of $28,716,000 would have been recognised comprising:
- a decrease in deferred tax liabilities currently recognised in the head entity that would have been recognised by the tax group members under UIG 1052, amounting to $28,716,000

33. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

(l) Property Plant and Equipment

Property, Plant and Equipment will be measured at cost less accumulated depreciation under AIFRS. The election available under AASB 1 for a deemed cost (being a revalued amount prior to transition date) was not utilised because previous historic costs for Property, Plant and Equipment are in accordance with AIFRS.

(m) Impairment of Assets

Assets will be reviewed annually for indications of impairment. If there is an indication that an asset is impaired the recoverable amount will be estimated for the individual asset, but where this is not possible, the recoverable amount of the cash generating unit to which the asset belongs will be determined. The recoverable amount will be determined using discounted cash flows. Impairment losses recognised in respect of a cash generating unit will first be allocated to reduce the carrying amount of any goodwill initially allocated to the cash generating unit and then to reduce the carrying amount of other assets.

The impairment of assets at 30 June 2005 has been considered and no known or reliably estimable impairment was discovered.

(n) Reclassification of Gains and Losses

Under AIFRS, realised gains and losses (e.g. from sale of Property; Plant and Equipment) are recognised as other income on a net basis. This is in contrast to current Australian GAAP treatment under which the consideration is recognised as revenue.

(o) Insurance Contracts

The group has elected to apply AASB 1 in relation to the transitional exemption from restating the comparative information for Insurance Contracts under AASB 1038, with regard to the Life Insurance policies in IOOF Life Ltd.

Insurance contracts will be reviewed in the light of revised definitions. Some insurance contracts may be reclassified as financial assets.

34. SUBSEQUENT EVENTS

The Directors are not aware of any 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.