APPENDIX 4D

HALF YEAR REPORT GIVEN TO THE ASX UNDER LISTING RULE 4.2A.3

Name of entity

IOOF HOLDINGS LIMITED

ABN or equivalent reference #

49 100 103 722

Reporting period	**Previous corresponding period**
31 DECEMBER 2005	***31 DECEMBER 2004***

IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2005

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

						$'000
Revenue	up	**14.9**	%	to	$	**174,812**
Profit after income tax	up	**72.0**	%	to	$	**11,541**
Profit for the period attributable to members of IOOF Holdings Ltd	up	**63.8**	%	to	$	**10,193**

Dividends per Share	Amount per share	Percentage Franked
Final	**Nil** cents	**100%**
Interim	**12** cents	**100%**
Total Dividend	**12** cents	**100%**
Record date for determining entitlements to 2005 interim dividend	**28 March 2006**	

1.1 COMMENTARY ON RESULTS

1.1.1 Consolidated Income Statement

The consolidated net profit for the period attributable to members of IOOF Holdings Ltd, (comprising the Company as the chief entity, and controlled entities), ('IOOF Group') was $10,193,000 (31 December 2004 : $6,224,000).

The controlled entities include the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The inclusion of the benefit funds has no impact on the net profit for the period attributable to members of IOOF Holdings Ltd. The profit before income tax of $30,970,000 (31 December 2004: $26,212,000) includes an amount equal to the tax expense of the benefit funds of $15,745,000 (31 December 2004: $16,987,000). Distributable surpluses of the benefit funds are treated as an expense in the income statement with the result that the profit before tax disclosed in the income statement is reduced by that amount, whilst the tax expense is calculated on profit excluding the distributable surpluses of the benefit funds. This treatment has resulted in disclosure of an effective tax rate of 62.7% (December 2004: 74.4%). The actual tax rate, if distributable surpluses were reflected in profit before tax, is 27% (December 2004: 30%).

The Group's Funds Under Management and Administration continued to increase during the half year, reaching $25.2 billion as at 31 December 2005. This is a 12.8% increase over the 30 June 2005 figure of $22.4 billion and a 23.3% increase over the 31 December 2004 figure of $20.4 billion. Approximately 35% of the growth in the period ended 31 December 2005 was the result of net inflows with strong market performance and favourable markets accounting for approximately 65% of the growth.

The growth in FUMA has translated into higher management fees, as management fees from 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 or offer document. A partial offset is the increased commission expense associated with the increased sales.

Wholesale FUMA balance grew by $2.0 billion or 19% since 30 June 2005 whilst retail business grew by $0.9 billion.

A decrease in operating expenditure, excluding commission and management fee expenses, occurred from that of the half year period ended 31 December 2004. The main reason for this decrease can be attributed to a higher proportion of capitalised project expenditure.

1.1.2 Consolidated Balance Sheet

Growth in total net assets since 30 June 2005 has arisen from the following events or transactions:

- a decrease in cash and cash equivalents as described in the commentary relating to the consolidated statement of cash flow.

- profit attributable to members of IOOF Holdings Ltd of $10,193,000 and profits attributable to minority interests of $1,348,000

- issue of shares that have vested to employees amounting to $531,000 and increase in the reserve for share based payments of $425,000.

1.1.3 Consolidated Cash Flow Statement

A decrease in cash and cash equivalents occurred as a result of the payment of a 12 cents per share dividend totalling $7,521,000 in respect of the 30 June 2005 financial year. In addition, dividends to minority interests amounted to $1,881,000. This cash outflow has been partly offset by positive cash flow generated from the operations of the Group of $8,268,000.

IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2005

2. CONDENSED CONSOLIDATED INCOME STATEMENT

	Half year ended 31 December 2005 $'000	Half year ended 31 December 2004 $'000
Revenue - ***refer 2.1***	**174,812**	**152,169**
Expenses excluding finance costs - ***refer 2.3***	**(147,182)**	**(128,081)**
Finance costs - ***refer 2.3***	**(12)**	**(11)**
Share of net profits of associated entities accounted for using the equity method - ***refer 2.2***	**3,352**	**2,135**
Profit before income tax expense	**30,970**	**26,212**
Income tax expense	**(19,429)**	**(19,503)**
Net profit	**11,541**	**6,709**
Net profit attributable to outside minority interests	**(1,348)**	**(485)**
Net profit attributable to members of IOOF Holdings Ltd	**10,193**	**6,224**
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	**10,193**	**6,224**
Basic Earnings Per Share (cents)	**16.1**	**9.9**
Diluted Earnings Per Share (cents)	**15.8**	**9.8**
Interim Dividends Per Share (cents)	**12.0**	**10.0**

The above statement of financial performance is an extract from IOOF Holdings Ltd 31 December 2005 half year financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

2.1 Revenue

	Half year ended 31 December 2005 $'000	Half year ended 31 December 2004 $'000
Revenue	143,696	109,943
Other income	30,437	41,891
Life insurance revenue	679	335
TOTAL REVENUE	174,812	152,169

2.2 Share of associated entities' operating (profit)/loss after income tax	(3,352)	(2,135)

2.3 **Expenses, excluding finance costs:**

	Half year ended 31 December 2005 $'000	Half year ended 31 December 2004 $'000
Expenses	146,599	127,804
Life insurance operating expenses	583	277
Total expenses, excluding finance costs	147,182	128,081

Finance costs	12	11

IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2005

3. CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2005 $'000	30 June 2005 $'000
Assets		
Cash and cash equivalents	954,978	957,423
Receivables	42,579	48,190
Current tax assets	-	541
Other financial assets	241,770	223,877
Investments accounted for using the equity method	1,904	2,167
Other assets	13,967	15,397
Plant and equipment	1,961	1,948
Deferred tax assets	9,583	8,298
Gross policy liabilities ceded under reinsurance	362	362
Intangible assets	71,523	71,656
TOTAL ASSETS	1,338,627	1,329,859

Liabilities		
Payables	20,739	22,000
Current tax liabilities	13,690	19,308
Investment contract liabilities	1,076,809	1,069,710
Deferred tax liabilities	33,914	28,750
Provisions	7,650	7,630
Deferred revenue liability	4,982	4,982
Insurance contract liabilities	453	453
TOTAL LIABILITIES	1,158,237	1,152,833

Equity		
Contributed capital	178,740	175,983
Treasury shares	(7,417)	(5,460)
Reserves	2,013	1,588
Retained profits ***- refer 3.1***	3,390	718
Equity attributable to members of the parent entity	176,726	172,829
Minority interests	3,664	4,197
TOTAL EQUITY	**180,390**	**177,026**

3.1 Consolidated Retained Profits

	31 December 2005 $'000	30 June 2005 $'000
Retained Profits at the beginning of the financial period	718	(1,550)
Net profit attributable to members of IOOF Holdings Ltd	10,193	14,952
Retained losses attributable to entities leaving the group	-	(65)
Dividends and other equity distributions paid or payable	(7,521)	(12,619)
Retained Profits at the end of the financial period	3,390	718

The above statement of financial performance is an extract from IOOF Holdings Ltd 31 December 2004 half year financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2005

4. CONDENSED STATEMENT OF CHANGES IN EQUITY

	Half year ended 31 December 2005 $'000	Half year ended 31 December 2004 $'000
Total Equity at the beginning of the period	**177,026**	**171,774**
Net income recognised directly in equity	-	-
Profit for the period	11,541	6,709
Total recognised income and expense for the period	**11,541**	**6,709**
Shares issued to General staff share acquisition plan	268	-
Shares issued to Executive performance share scheme	2,489	4,411
Less Treasury Shares - Executive performance share plan	(1,957)	(4,168)
Reserve for share based payments	425	436
Dividends paid to shareholders of the Company	(7,521)	(6,309)
Dividends paid to minority interests in subsidiaries	(1,881)	(164)
Transactions with equity holders in their capacity as equity holders	**(8,177)**	**(5,794)**
Total Equity at the end of the period	**180,390**	**172,689**

Total recognised income and expense for the period is attributable to:

Members of IOOF Holdings Ltd	10,193	6,224
Minority interests	1,348	485
	11,541	**6,709**

IOOF HOLDINGS LIMITED
ABN 49 100 103 722
APPENDIX 4D
HALF YEAR ENDED 31 DECEMBER 2005

5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 31 December 2005 $'000	Half year ended 31 December 2004 $'000
Cash flows related to operating activities		
Management fees and commissions received	103,750	97,156
Premium income received	14,038	310
Payments to suppliers and employees	(95,419)	(130,396)
Distributions received	37,767	30,962
Dividends received from subsidiaries	3,616	2,180
Interest income received	1,724	1,473
Interest paid	(12)	(11)
Proceeds from sale of trading securities	11,632	72,141
Withdrawal payments	(46,796)	-
Other income received	1,019	2,188
GST paid	(2,422)	(2,057)
Income taxes benefit received	(20,629)	(6,726)
Net cash flows provided by / (used in) operating activities	8,268	67,220
Cash flows related to financing activities		
Dividends paid to shareholders of the Company	(7,521)	(6,309)
Dividends paid to minority interests in subsidiaries	(1,881)	(164)
Net cash flows provided by / (used in) financing activities	(9,402)	(6,473)
Cash flows related to investing activities		
Payment for purchase of investments	(168)	(125)
Payment of deferred consideration for acquisition of business	-	(12,600)
Proceeds from sale of investment securities	-	4,564
Payment for purchase of shares in controlled entity	-	(82)
Proceeds from repayment of loans and mortgage securities	-	933
Proceeds from sale of plant and equipment	20	-
Payment for purchase of plant and equipment	(428)	(387)
Payment for purchase of other intangible assets	(658)	(2,442)
Proceeds from loans repaid by Directors	-	167
Loans made to related parties	(77)	(3)
Proceeds from loans repaid by related parties	-	55
Loan made to executive of a related entity	-	(383)
Net cash outflow upon de-consolidation of trust no longer controlled	-	(23,460)
Net cash flows used in investing activities	(1,311)	(33,763)
Net increase (decrease) in cash held	(2,445)	26,984
Cash at beginning of period ***- refer 5.1***	957,423	913,096
Cash at end of period ***- refer 5.1***	954,978	940,080

The above statement of financial performance is an extract from IOOF Holdings Ltd 31 December 2005 half year financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

5.1 Reconciliation of Cash	**31 December 2005 $'000**	**30 June 2005 $'000**
Cash on hand and at bank	24,062	38,837
Deposits on call	4,346	9,073
Units in IOOF Wholesale cash and short term securities trust	926,570	909,513
Total cash at end of period	954,978	957,423

6. NTA BACKING

	31 December 2005	**30 June 2005**
Net tangible asset backing per ordinary share	169 cents	164 cents

7. DETAILS OF CONTROLLED ENTITIES

7.1 Control gained over entities during the period

Control was not acquired over any entity during the period.

7.2 Loss of control of entities during the period

Control was not lost over any entity during the period.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Associated entities of IOOF Holdings Ltd include Perennial Value Management Ltd and Workforce Financial Services Pty Ltd. These entities were associated entities of IOOF Holdings Ltd at 30 June 2005.

9. DIVIDENDS

During the financial period the Company paid a fully franked dividend of final 12 cents per ordinary share in respect of the financial year 30 June 2005. Subsequent to the end of the financial period, the Directors have recommended an interim dividend of 12 cents per share.

10. ACCOUNTING STANDARDS

The information provided in this Appendix has been prepared in accordance with Australian equivalents to International Financial Reporting Standards and the Corporations Act 2001.

11. OTHER INFORMATION REGARDING THIS REPORT

11.1 Funds Under Management and Administration as at 31 December 2005

Retail	$13.0 billion		
Wholesale	$ 12.2 billion		
		$25.2 billion	FUMA
Retail Inflows - *period ending 31 December 2005*	$1,013 million		
Wholesale Inflows - *period ending 31 December 2005*	$1,410 million		
		$2.423 billion	Inflows
Retail Outflows - *period ending 31 December 2005*	$ 963 million		
Wholesale Outflows - *period ending 31 December 2005*	$ 453 million		
		$1.416 billion	Outflows

11.2 Other

The information contained in this Appendix 4D is based on the 31 December 2005 half year financial statements of IOOF Holdings Ltd which have been subject to audit review.

IOOF HOLDINGS LTD
A.B.N. 49 100 103 722
FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

Melbourne, 21 February 2006

IOOF HOLDINGS LTD
A.B.N. 49 100 103 722
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

IOOF HOLDINGS LTD
DIRECTORS' REPORT

The Directors of IOOF Holdings Ltd present the interim consolidated financial report for IOOF Holdings Ltd and the entities it controlled at the end of, or during, the half year ended 31 December 2005.

Directors

The following persons were Directors of the Company during the half year and up to the date of this report :

Mr R J Schoer (retired 15 November 2005)

Mr I Blair O.A.M

Dr R N Sexton

Mr M U R Crivelli

Mr M W Parkinson, C.B.E (retired 15 November 2005)

Ms K D Spargo

Mr R Dewhurst

Mr A Hodges

Ms J Harvey (appointed 18 October 2005)

Mr J Pfeiffer (appointed 18 October 2005)

Consolidated Results and Review of Operations

The consolidated net profit for the period attributable to members of IOOF Holdings Ltd, (comprising the Company as the chief entity, and controlled entities), ('IOOF Group') was $10,193,000 (31 December 2004 : $6,224,000).

The controlled entities include the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The inclusion of the benefit funds has no impact on the net profit for the period attributable to members of IOOF Holdings Ltd. The profit before income tax of $30,970,000 (31 December 2004: $26,212,000) includes an amount equal to the tax expense of the benefit funds of $15,745,000 (31 December 2004: $16,987,000). Distributable surpluses of the benefit funds are treated as an expense in the income statement with the result that the profit before tax disclosed in the income statement is reduced by that amount whilst the tax expense is calculated on profit excluding the distributable surpluses of the benefit funds. This treatment has resulted in disclosure of an effective tax rate of 62.7% (December 2004: 74.4%). The actual tax rate, if distributable surpluses were reflected in profit before tax, is 27% (December 2004: 30%).

The Group's Funds Under Management and Administration continued to increase during the half year, reaching $25.2 billion as at 31 December 2005. This is a 12.8% increase over the 30 June 2005 figure of $22.4 billion and a 23.3% increase over the 31 December 2004 figure of $20.4 billion. Approximately 35% of the growth in the period ended 31 December 2005 was the result of net inflows with strong market performance and favourable markets accounting for approximately 65% of the growth.

The growth in FUMA has translated into higher management fees, as management fees from 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 or offer document. A partial offset is the increased commission expense associated with the increased sales.

Wholesale FUMA grew by $2.0 billion or 19% since 30 June 2005 whilst retail business grew $0.9 billion.

A decrease in operating expenditure, excluding commission and management fee expenses, occurred from that of the half year period ended 31 December 2004. The main reason for this decrease can be attributed to a higher proportion of capitalised project expenditure.

Consolidated Balance Sheet

Growth in total net assets since 30 June 2005 has arisen from the following events or transactions:

- a decrease in cash and cash equivalents occurred as a result of the payment of a 12 cents per share dividend totalling $7,521,000 in respect of the 30 June 2005 financial year. In addition dividends to minority interests amounted to $1,881,000. This cash outflow has been partly offset by a positive cash flow generated from the operations of the Group of $8,268,000 including dividends received from an associated entity amounting to $3,616,000.

- profit attributable to members of IOOF Holdings Ltd of $10,193,000 and profits attributable to minority interests of $1,348,000.

- issue of shares that have vested to employees amounting to $531,000 and increase in the reserve for share based payments of $425,000.

Dividends Paid

During the financial period the Company paid a fully franked dividend of 12 cent per share in respect of the financial year ended 30 June 2005.

Matters Subsequent to the End of the Financial Period

The following matters have arisen subsequent to the end of the financial period:

- the Directors have recommended an interim dividend of 12 cents per share.

- the judge in the case of Foxeden Pty Ltd and Taylor v IOOF Building Society handed down his decision. IOOF is currently reviewing the judgement and is considering an appeal.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect the operations of the IOOF Group, the results of those operations, or the state of affairs of the IOOF Group in subsequent financial years.

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. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Other

A copy of the auditor's independence declaration as required under S307 of the Corporations Act 2001 is set out on page 4.

I Blair	**R Dewhurst**
Chairman of the Board	**Director and Chief Executive Officer**

Melbourne, 21 February 2006.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone +61 3 8603 1000
Facsimile +61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the review of IOOF Holdings Limited for the half year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

This declaration is in respect of IOOF Holdings Limited and the entities it controlled during the period.

Simon Gray

Simon Gray
Partner
PricewaterhouseCoopers

Melbourne
21 February 2006

IOOF HOLDINGS LTD
CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated	
		Half year ended	
		31 December 2005	31 December 2004
		$'000	$'000
Revenue	2	174,812	152,169
Expenses, excluding finance costs	4	(147,182)	(128,081)
Finance costs	4	(12)	(11)
Share of profit or loss of associates	3	3,352	2,135
Profit before income tax		30,970	26,212
Income tax (expense)/benefit	5	(19,429)	(19,503)
Profit for the period		11,541	6,709
(Profit) / loss attributable to minority interest		(1,348)	(485)
Profit attributable to members of IOOF Holdings Ltd	22	10,193	6,224
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents	Cents
Basic earnings per share	25	16.11	9.87
Diluted earnings per share	25	15.84	9.79

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

IOOF HOLDINGS LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Notes	Consolidated	
		31 December 2005	30 June 2005
		$'000	$'000
Assets			
Cash and cash equivalents	6	954,978	957,423
Receivables	7	42,579	48,190
Current tax assets	12	-	541
Other financial assets	8	241,770	223,877
Investments accounted for using the equity method	9	1,904	2,167
Other assets	10	13,967	15,397
Plant and equipment	11	1,961	1,948
Deferred tax assets	12	9,583	8,298
Gross policy liabilities ceded under reinsurance	19	362	362
Intangible assets	13	71,523	71,656
Total Assets		1,338,627	1,329,859
Liabilities			
Payables	14	20,739	22,000
Current tax liabilities	15	13,690	19,308
Investment contract liabilities	16	1,076,809	1,069,710
Deferred tax liabilities	15	33,914	28,750
Provisions	17	7,650	7,630
Deferred revenue liability	18	4,982	4,982
Insurance contract liabilities	19	453	453
Total Liabilities		1,158,237	1,152,833
NET ASSETS		180,390	177,026
Equity			
Parent entity interest			
Contributed capital	20	178,740	175,983
Treasury shares	20	(7,417)	(5,460)
Reserves	21	2,013	1,588
Retained profits	22	3,390	718
Total parent entity interest		176,726	172,829
Minority interests in controlled entities	23	3,664	4,197
TOTAL EQUITY		180,390	177,026

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

IOOF HOLDINGS LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Notes	Consolidated	
		Half year ended	
		31 December 2005 $'000	31 December 2004 $'000
Total Equity at the beginning of the period		**177,026**	**171,774**
Net income recognised directly in equity		-	-
Profit for the period		11,541	6,709
Total recognised income and expense for the period		**11,541**	**6,709**
Shares issued to General staff share acquisition plan	20	268	-
Shares issued to Executive performance share scheme	20	2,489	4,411
Less Treasury shares - Executive performance share plan	20	(1,957)	(4,168)
Reserve for share based payments	21	425	436
Dividends paid to shareholders of the Company	22	(7,521)	(6,309)
Dividends paid to minority interests in subsidiaries		(1,881)	(164)
Transactions with equity holders in their capacity as equity holders		**(8,177)**	**(5,794)**
Total Equity at the end of the period		**180,390**	**172,689**
Total recognised income and expense for the period is attributable to:			
- Members of IOOF Holdings Ltd	22	10,193	6,224
- Minority interest		1,348	485
		11,541	**6,709**

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

IOOF HOLDINGS LTD
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

		Consolidated	
		Half year ended	
		31 December 2005	31 December 2004
	Note	$'000	$'000
Cash flows from operating activities			
Management fees and commission income received		103,750	97,156
Premium income received		14,038	310
Payments to suppliers and employees		(95,419)	(130,396)
Distributions received		37,767	30,962
Dividends received from subsidiaries		3,616	2,180
Interest income received		1,724	1,473
Interest paid		(12)	(11)
Withdrawal payments		(46,796)	-
Proceeds from sale of trading securities		11,632	72,141
Other income received		1,019	2,188
GST paid		(2,422)	(2,057)
Income tax paid		(20,629)	(6,726)
Net cash provided by/(used in) operating activities		8,268	67,220
Cash flows from financing activities			
Dividends paid to shareholders of the Company		(7,521)	(6,309)
Dividends paid to minority interests in subsidiaries		(1,881)	(164)
Net cash provided by/(used in) financing activities		(9,402)	(6,473)
Cash flows from investing activities			
Payment for purchase of investments		(168)	(125)
Deferred payment for acquisition of business		-	(12,600)
Proceeds from sale of investment securities		-	4,564
Payment for purchase of shares in controlled entity		-	(82)
Proceeds from repayment of loans and mortgage securities		-	933
Proceeds from sale of plant and equipment		20	-
Payment for purchase of plant and equipment		(428)	(387)
Payment for purchase of other intangible assets		(658)	(2,442)
Proceeds from loans repaid by Directors		-	167
Loans made to related parties		(77)	(3)
Proceeds from loans repaid by related parties		-	55
Loan made to executive of a related entity		-	(383)
Net cash outflow upon de-consolidation of trust no longer controlled		-	(23,460)
Net cash provided by/(used in) investing activities		(1,311)	(33,763)
Net increase/(decrease) in cash and cash equivalents		(2,445)	26,984
Cash and cash equivalents at the beginning of the financial period	6	957,423	913,096
Cash and cash equivalents at the end of the financial period	6	954,978	940,080

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

IOOF HOLDINGS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report for the interim half year reporting period ended 31 December 2005. It has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2005 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

This is the first financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). Australian Accounting Standards include AIFRSs. Compliance with AIFRS ensures that financial statements and accompanying notes comply with International Financial Reporting Standards (IFRS). AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing this financial report.

The financial reports of IOOF Holdings Limited until 30 June 2005 had been prepared in accordance with Australian Generally Accepted Accounting Principles (AGAAP), which differs in certain respects from AIFRS. Management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial reports to comply with AIFRS. The comparative figures in respect of balances at 30 June 2005 and the half year results ended 31 December 2004 have been restated in this financial report to reflect these amendments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 *Financial Instruments: Disclosure and Presentation* , AASB 139 *Financial Instruments: Recognition and Measurement* , and AASB 1038 *Life Insurance Contracts* from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and profit are detailed in Note 28.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are at fair value through the asset revaluation reserve, and those financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The financial statements were authorised for issue by the directors on 21 February 2006.

(b) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the IOOF Group, being the Company and its controlled entities as defined in accounting standard AASB 127 *Consolidated and Separate Financial Statements* . This includes the benefit funds of its subsidiary, IOOF Ltd, and any trusts controlled by the Group.

Control of an entity is identified where the Group has the power to govern the financial and operating policies of that entity; generally accompanying a shareholding of more than half of the voting rights. Consistent accounting policies have been employed across all entities in the Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Principles of Consolidation (continued)

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

The benefit funds, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds, in addition to the statutory funds of the life insurance business conducted by the Group, are shown separately from shareholder funds in the notes to the financial statements. Refer to Note 1 (k) *Product Classification* for information in relation to the different accounting treatment of investment contracts with discretionary participating features effective from the date of transition to AASB 1038 at 1 July 2005. The Group has applied previous AGAAP to the comparative information.

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 Balance Sheet, the following are separately identified:
- gross policy liabilities ceded under reinsurance, and
- life insurance policy liabilities

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(n) *Business Combinations and Acquisition of Other Assets*).

(c) Investment in Associates

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Segment Reporting

The group's predominant source and nature of risks and rewards is related to its business segments (Primary segments). A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment (Secondary segments) is engaged in providing products and services within an economic environment and is subject to risks and returns that are different from those operating in other economic environments.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, 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.

(e) Revenue

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

Management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management or administration and are recognised on an accruals basis.

Interest income, dividend income, distribution income and rental income are brought to account on an accruals basis. Interest income is recognised using the effective interest method as set out in AASB 139, where appropriate. Dividends are recognised when the right to receive payment is established.

Commission income from the provision of financial advisory services is recognised on an accruals basis.

The Group has taken the exemption available under AASB 1 to apply AASB 1038 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information in relation to Life Insurance operations. Under previous AGAAP, life insurance premiums with no due date have been recognised as revenue on a cash received basis. Premiums with regular due dates have been recognised as revenue on a basis which was consistent with the Actuary's valuation of liabilities. From 1 July 2005 the Margin on Service basis of recognising revenue has been applied whereby an anticipated profit margin is explicitly recognised and spread over relevant future time periods, with policy liabilities discounted based on market returns on assets backing life insurance liabilities, in accordance with AASB 1038.

(f) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate, adjusted for changes in deferred tax assets and deferred tax liabilities. Such changes are attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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% (2005: 15%) and the ordinary business of the Company is taxed at the rate of 30% (2005: 30%).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(f) Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities settled, based on those tax rates which are enacted or substantially enacted at the balance sheet date. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

IOOF Holdings Ltd and its wholly owned entities (including IOOF Ltd benefit funds) have implemented the tax consolidation legislation.

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

Current and deferred tax amounts are allocated to members of the tax group by utilising the 'stand-alone taxpayer method', whereby allocations are made as if each entity in the group were a taxpayer in its own right. Tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group.

(g) Cash and Cash Equivalents

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

(h) Receivables

All receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. They are due for settlement at terms which vary between 14 days and, in exceptional circumstances, 180 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off to the Income Statement. A provision for doubtful debts is raised where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the initial provision, or change in the provision, is recognised in the Income Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Other Financial Assets

To 30 June 2005:
The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information in relation to financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP, the following valuation methods applied:

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

Equity Securities
Shares and equity options have been 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 has been determined at the net asset value per unit at balance date. The net asset value has been 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 have been recorded at Directors valuation based on independent valuations.

Debt Securities
Interest bearing securities have been recorded at market value.

Equity Securities
Shares and equity options have been 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.

Investments in associated entities have been accounted for under the equity method.

Mortgage Securities
Mortgage securities have been recognised at recoverable amount, after assessing required provisions for impairment. Bad debts have been written off when identified.

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

Adjustments on Transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost, fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve. At the date of transition however, changes to carrying amounts are taken to retained earnings or reserves.

Further information concerning the adjustments at the date of transition are included in Note 28 *Explanation of transition to Australian equivalents to IFRS.* Reference should also be made to the following Notes:

Other financial assets - Note 8
Retained profits - Note 22

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Other Financial Assets (continued)

From 1 July 2005:

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

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

Management determines the classification at initial recognition of the financial asset and re-evaluates this designation at each reporting date.

Financial assets at fair value through profit or loss:

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

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, assets, or services directly to a debtor with no intention of selling the receivable.

Held-to-maturity investments:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets:

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories.

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

'Available-for-sale' financial assets and financial assets 'at fair value through profit or loss' are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets categorised as at fair value through profit or loss are included in the Income Statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities held as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Other Financial Assets (continued)

The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), fair value is determined by using valuation techniques. These techniques include reference to recent arms length transactions involving the same or substantially similar instruments, discounted cash flow analysis, and pricing models refined to reflect the issuer's specific circumstances.

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

(j) Derivatives

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. To that date, the Group did not hold any interest rate swaps, forward exchange contracts, or similar derivative instruments requiring particular accounting consideration under AGAAP.

From 1 July 2005 the Group applied AASB 132 and AASB 139 to financial instruments identified as being derivatives as defined by the accounting standards. Derivative instruments held by the Group are acquired for investment purposes and do not qualify for hedge accounting. Changes in the fair value of the derivatives are recognised immediately in the income statement.

(k) Product classification

To 30 June 2005:

The Company has taken the exemption available under AASB 1 to apply the AIFRS version of AASB 1038 only from 1 July 2005. The group has applied previous AGAAP to the comparative information in relation to the insurance contracts within the scope of the updated AASB 1038.

Under previous AGAAP, the Life Insurance operations of the Group have been accounted for as insurance contracts. Premiums with no due date have been recognised as revenue on a cash received basis, and premiums with regular due dates have been recognised as revenue on a basis consistent with the actuary’s valuation of policyholder liabilities.

All products in relation to the investment management operations of the Group, including contracts with discretionary bonus features, would have been accounted for as investment contracts had the benefit funds been consolidated under AGAAP. For the purpose of the comparative figures in these AIFRS financial statements, these contracts have been accounted for directly through the balance sheet as a movement in the investment contract liability. Similarly, distributions on these contracts have been charged to the income statement for the comparative figures in these financial statements.

Adjustment on transition: 1 July 2005

No adjustment is required on transition to the updated AASB 1038. The carrying value of assets and liabilities has not changed in relation to those investment contracts treated differently under the updated AASB 1038.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(k) Product classification (continued)

From 1 July 2005:

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

Insurance contracts –

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

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

Investment contracts –

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

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

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

Deposits collected and withdrawals processed for investment contracts without DPF are accounted for directly through the balance sheet as a movement in the investment contract liability. Distributions on these contracts are charged to the income statement as an expense.

Where contracts contain both an investment component and an insurance component and the deposit component can be separately measured, the underlying amounts are unbundled. Premiums relating to the insurance component are accounted through the income statement and the investment component is accounted as a deposit through the balance sheet as described above.

(l) Assets backing policy liabilities

The Company has determined that all assets held within its reported statutory funds (including the benefit funds which are treated as statutory funds) represent the assets backing policy liabilities.

Assets backing policy liabilities are measured at fair value through profit or loss.

(m) Deferred Acquisition Costs

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) Business Combinations and acquisitions of other assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on issue of equity instruments are recognised directly in equity.

Identifiable assets and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer Note (q)(i)). If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(o) 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.

(p) Plant and Equipment

Property and Equipment is carried at historic cost less any accumulated depreciation and any accumulated impairment losses. Historic cost includes all expenditure directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended.

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

Depreciation is calculated using the straight line method to allocate their costs, net of their residual values, over their estimated useful lives which range between 3 to 10 years.

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance sheet date.

Asset carrying amounts are written down immediately to recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Intangible Assets and Expenditure Carried Forward

(i) Goodwill

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

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each cash-generating unit is represented by the Group's investment in each primary reporting segment (Note 27 *Segment Information*)

(ii) Development of Assets

Costs incurred with major software development and major projects are capitalised where the associated intangible asset is assessed as being separable from the entity, controlled by the entity, will provide future economic benefit, and the cost can be measured reliably. Capitalised costs are deferred until such time the asset is ready for use. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which has generally been assessed as being 3 years.

(iii) Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, which has generally been assessed as being 3 years.

(r) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separable identifiable cash flows (cash generating units). Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The impairment recognised for assets that have an indefinite useful life is not subsequently reversed.

(s) Accounts Payable

Liabilities are recognised for amounts to be paid in the future**,** for goods and services received up to the balance 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Employee Entitlements

(i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages, salaries, annual leave and sick leave represent the Group's present obligation in relation to employees' services provided up to balance date. The liabilities are recognised at the remuneration rates expected to be paid when obligations are settled, and do not include related on-costs such as workers compensation insurance and payroll tax. Amounts where the absences are expected to occur within 12 months are recognised in other creditors, whereas those where the absences are expected to occur beyond 12 months are discounted to present values and are recognised in non-current provisions.

(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 is given to future increases in wage and salary rates, experience with employee departures and periods of service.

(iii) Employee Benefits On-Costs

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

(iv) Equity-settled Share-based Compensation Benefits

Equity-settled compensation benefits are provided to employees via 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 Group has no right to recall placed shares. However, a subsidiary Company acts as the trustee of this Trust, and can direct the voting rights of shares held and strategic direction. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

In valuing the transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of IOOF Holdings Limited.

The cost of equity-settled transactions is recognised in the Income Statement, together with a corresponding increase in the Reserve for share-based payments, over the period in which the performance pre-requisites are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the 'vesting date').

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

Shares in the Group held by IOOF Executive Performance Share Plan are classified and disclosed as Treasury shares, and deducted from equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Employee Entitlements (continued)

The Group has taken the exemption available under AASB 1 to apply AASB 2 *Share-based Payments* only to equity instruments granted after 7 November 2002 that had not vested before 1 January 2005.

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.

(v) Incentive Plans

A liability for employee benefits in the form of an incentive plan is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:
- there are formal terms in the plan for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report, or
- past practice gives clear evidence of the amount of the obligation.

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

(vi) Termination Benefits

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, 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 and through the Income Statement except where acquisition accounting principles are applicable.

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.

(vi) Retirement Benefit Obligations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(u) Claims Recognition / Provisions

Provisions are recognised when:
- it is established there is a present legal or constructive obligation as a result of a past event,
- it is more likely than not that an outflow of resources will be required to settle the obligation, and
- the amount can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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

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

(v) Insurance contract liabilities

The provision for life insurance contracts is calculated on the basis of a prudential prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in the life operations.

(w) Deferred Revenue Liability

Investment contract policyholders are charged fees for investment management services. The fee is recognised as revenue in the period in which it is received unless they relate to services to be provided in future periods. Fees for services to be provided in future periods are deferred and recognised in the income statement as the service is provided, over the expected term of the service contract.

(x) Investment contract liabilities

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(y) Leases

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

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

The lease asset is amortised on a straight line basis over the shorter of the term of the lease or the useful life of the asset. 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 Group. Each lease payment is allocated between the liability and the finance charge.

(z) Shareholders entitlement to monies held in Statutory Funds

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

(aa) Contributed equity

Ordinary shares are classified as equity. Preference shares that are mandatorily redeemable or that attach a contractual obligation to pay a regular, cumulative, fixed-rate dividend are classified as liabilities.

(ab) Dividends

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ac) 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 half year, adjusted for bonus elements in ordinary shares issued during the half 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.

(ad) 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.

(ae) Rounding 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 to the nearest thousand dollars in accordance with that Class Order.

(af) Comparatives

Voluntary changes in accounting policy are accounted for retrospectively, unless it is impractical to do so. Changes in accounting policy on initial adoption of an accounting standard are accounted for retrospectively, unless it is impractical to do, or where they are adopted in accordance with the transitional provisions of the relevant standard. Certain elections have been made in accordance with AASB 1 upon transition to AIFRS. Specific disclosures are made wherever accounting policies have not been consistently applied to prior year comparatives.

	Half year ended 31 December 2005			Half year ended 31 December 2004		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
2. REVENUE	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Management fees:						
- Investment products	85,013	-	85,013	74,720	-	74,720
- Related entities	-	-	-	870	-	870
- Other entities	3,060	-	3,060	1,672	-	1,672
Deposits received - investment contracts with DPF	-	13,661	13,661	-	-	-
Commission revenue:						
- Non-related entities	7,092	-	7,092	7,782	-	7,782
Other fee revenue	312	120	432	389	108	497
Interest revenue:						
- Directors & director-related entities	190	-	190	189	-	189
- Non-related entities	858	742	1,600	1,465	967	2,432
Dividends:						
- Non-related entities	21	64	85	102	44	146
Distributions:						
- Other related parties	1,474	31,089	32,563	1,155	20,343	21,498
- Non-related entities	-	-	-	-	137	137
	98,020	45,676	143,696	88,344	21,599	109,943
Other income				-		
Realised gains on investments	10	11,787	11,797	1,543	1,853	3,396
Unrealised gains on investments	-	17,726	17,726	-	38,074	38,074
Other	914	-	914	421	-	421
	924	29,513	30,437	1,964	39,927	41,891
Life Insurance Revenue						
Direct insurance premiums	-	377	377	-	310	310
Insurance claims recovered	-	302	302	-	25	25
	-	679	679	-	335	335
Revenue	98,944	75,868	174,812	90,308	61,861	152,169
3. SHARE OF EQUITY PROFITS						
Share of profit or loss of associate	3,352	-	3,352	2,135	-	2,135

4. EXPENSES

	Half year ended 31 December 2005			Half year ended 31 December 2004		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Profit from ordinary activities before income tax includes the following specific expenses:						
Finance costs :						
Interest - non-related entities	12	-	12	11	-	11
Expenses from ordinary activities, excluding finance costs :						
Net movement in provision for doubtful debts in respect of amounts receivable from:						
- Non-related parties	-	-	-	5	-	5
Depreciation of plant and equipment	395	-	395	391	-	391
Amortisation of software and infrastructure projects	789	-	789	1,178	-	1,178
Loss on disposal of plant and equipment	-	-	-	6	-	6
Realised losses on investments	-	-	-	292	-	292
Unrealised losses on investments	68	-	68	-	-	-
Operating lease rental expenses - non-related entities	1,832	-	1,832	2,094	-	2,094
Occupancy related expenses	292	-	292	309	-	309
Net transfers to employee provisions	1,660	-	1,660	1,456	-	1,456
Salaries and related expenses	19,882	-	19,882	18,545	-	18,545
Employee Share-based payments expense	1,226	-	1,226	679	-	679
Employee Defined contribution plan expense	1,439	-	1,439	1,329	-	1,329
Commission and management fees						
- Related entity	5,524	-	5,524	3,799	-	3,799
- Non-related entities	43,651	48	43,699	39,740	43	39,783
Benefits and withdrawals paid - investment contracts with DPF	-	40,891	40,891	-	188	188
Decrease in policyholder liabilities - investment contracts with DPF	-	(17,941)	(17,941)	-	-	-
Distribution to policyholders	-	30,946	30,946	-	38,515	38,515
Professional fees	4,982	12	4,994	5,464	17	5,481
Marketing	2,500	-	2,500	2,524	-	2,524
Deferred acquisition costs amortisation	2,775	-	2,775	2,923	-	2,923
Computer maintenance and support	2,055	-	2,055	2,995	-	2,995
Office support	2,258	-	2,258	1,986	-	1,986
Other expenses from ordinary activities	1,300	15	1,315	3,312	14	3,326
	92,628	53,971	146,599	89,027	38,777	127,804
Life Insurance operating expenses includes:						
Outward reinsurance expense	-	215	215	-	170	170
Policy payments/claims	-	368	368	-	30	30
Operating expenses	-	-	-	-	77	77
	-	583	583	-	277	277
Total expenses from ordinary activities, excluding finance costs	92,628	54,554	147,182	89,027	39,054	128,081

5. INCOME TAX EXPENSE

	Half year ended 31 December 2005			Half year ended 31 December 2004		
	Shareholder	Statutory (incl. benefit Funds)	Consolidated	Shareholder	Statutory (incl. benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
(a) Income tax expense						
Current tax	4,552	10,424	14,976	3,240	5,685	8,925
Deferred tax	(954)	5,321	4,367	(736)	11,302	10,566
Under / (over) provided in prior years	86	-	86	12	-	12
	3,684	15,745	19,429	2,516	16,987	19,503
Income tax expense is attributed to Profit from continuing operations.						
Deferred income tax (revenue)/ expense included in income tax						
Decrease / (increase) in deferred tax assets (Note 12)	(574)	(223)	(797)	(459)	182	(277)
(Decrease) / increase in deferred tax liabilities (Note 15)	(380)	5,544	5,164	(277)	11,120	10,843
	(954)	5,321	4,367	(736)	11,302	10,566
(b) Numerical reconciliation of income tax expense to prima facie tax payable						
Consolidated profit from operations before income tax expense	9,656	21,314	30,970	3,405	22,807	26,212
Inter-group management fee and interest income eliminated on consolidation	5,529	(5,529)	-	5,898	(5,898)	-
Profit from continuing operations before income tax expense	15,185	15,785	30,970	9,303	16,909	26,212
Tax at the Australian tax rate of 30% (2004: 30%)	4,555	4,734	9,289	2,791	5,073	7,864
Tax effect of amounts which are not deductible / (taxable) in						
- Share of tax credits with Benefit Funds	1,547	-	1,547	1,570	-	1,570
- Tax on distribution to policyholders not deductible for tax purposes	-	11,011	11,011	-	11,891	11,891
- Non assessable income	(2,719)	-	(2,720)	(2,283)	(27)	(2,310)
- Sundry items	216	-	216	426	50	476
	3,599	15,745	19,343	2,504	16,987	19,491
- Under / (over) provided in prior years	85	-	86	12	-	12
Income tax expense	3,684	15,745	19,429	2,516	16,987	19,503
(c) Amounts recognised directly in equity	-	-	-	-	-	-

(d) Tax consolidation

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

The entities have 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.

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

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
6. CASH AND CASH EQUIVALENTS	$'000	$'000	$'000	$'000	$'000	$'000
Cash	16,483	7,579	24,062	31,648	7,189	38,837
Deposits on call	649	3,697	4,346	937	8,136	9,073
Unlisted Unit Trusts - related party	63,255	863,315	926,570	48,475	861,038	909,513
	80,387	874,591	954,978	81,060	876,363	957,423
7. RECEIVABLES						
Receivables	5,145	304	5,449	5,333	698	6,031
Provision for doubtful debts	(731)	-	(731)	(731)	-	(731)
	4,414	304	4,718	4,602	698	5,300
Interest receivable -related parties	524	-	524	470	-	470
Interest receivable - other	-	243	243	-	229	229
Amounts receivable from related parties	14,620	-	14,620	14,597	-	14,597
Distributions receivable	902	21,572	22,474	843	26,751	27,594
	20,460	22,119	42,579	20,512	27,678	48,190
8. OTHER FINANCIAL ASSETS						
Fair value through profit and loss						
- Shares in listed corporations	-	3,432	3,432	-	3,109	3,109
- Unlisted unit trusts	-	217,531	217,531	-	198,852	198,852
	-	220,963	220,963	-	201,961	201,961
Available for sale						
- Shares in other corporations	5,999	-	5,999	5,999	-	5,999
- Provision for impairment	(1,937)	-	(1,937)	(1,937)	-	(1,937)
	4,062	-	4,062	4,062	-	4,062
Loans and Receivables						
- Mortgages	116	2,375	2,491	114	3,190	3,304
- Loans to Policyholders	-	8,331	8,331	-	8,704	8,704
- Loan to related parties	2,062	-	2,062	1,985	-	1,985
- Loans to directors of controlled entities	2,145	-	2,145	2,145	-	2,145
- Loans to executives of related entities	1,633	-	1,633	1,633	-	1,633
- Regulatory deposits (Note 8(a))	83	-	83	83	-	83
	6,039	10,706	16,745	5,960	11,894	17,854
	10,101	231,669	241,770	10,022	213,855	223,877

(a) Regulatory deposits:
$83,105 (2005: $83,105) is held in cash to satisfy Australian Financial Services Licence requirements. This amount is not available for use.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Investment in associated companies	1,904	-	1,904	2,167	-	2,167
Reconciliation of carrying amounts:						
Balance at beginning of period	2,167	-	2,167	4,138	-	4,138
Provision for impairment	-	-	-	(1,200)	-	(1,200)
Less Investments not Equity accounted	-	-	-	(1,768)	-	(1,768)
Share of operating profit	4,789	-	4,789	7,174	-	7,174
Share of tax expense	(1,436)	-	(1,436)	(2,157)	-	(2,157)
Dividend paid	(3,616)	-	(3,616)	(4,020)	-	(4,020)
	1,904	-	1,904	2,167	-	2,167

(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 formed 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 occurred. In 2005 the investment was written down to nil.

(b) 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 $1,904,000 (2005: $2,167,661)

The Group's consolidated interest in its associate, which is unlisted and incorporated in Australia, is as follows:

Name	**Assets**	**Liabilities**	**Revenues**	**Profit/(Loss)**
Perennial Value Management Limited				
As at / half year ended: **31 December 2005**	8,381,792	2,754,860	14,049,553	8,380,402
As at / year ended: **30 June 2005**	8,184,231	1,897,471	21,376,412	12,544,699

10. OTHER ASSETS

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Prepayments	1,312	-	1,312	955	-	955
Deferred acquisition costs (Note 1(m))	12,655	-	12,655	14,442	-	14,442
	13,967	-	13,967	15,397	-	15,397

11. PLANT AND EQUIPMENT

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Office Equipment						
Cost	2,514	-	2,514	2,177	-	2,177
Accumulated depreciation	(1,550)	-	(1,550)	(1,401)	-	(1,401)
	964	-	964	776	-	776
Leasehold Improvements						
Cost	3,878	-	3,878	3,848	-	3,848
Accumulated depreciation	(2,881)	-	(2,881)	(2,676)	-	(2,676)
	997	-	997	1,172	-	1,172
Total Plant and Equipment						
Cost	6,392	-	6,392	6,025	-	6,025
Accumulated depreciation	(4,431)	-	(4,431)	(4,077)	-	(4,077)
	1,961	-	1,961	1,948	-	1,948

Reconciliation of movements	31 December 2005			30 June 2005		
	Office Equipment	Leasehold Improvements	Total	Office Equipment	Leasehold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Additions	398	30	428	402	422	824
Disposals	(20)	-	(20)	(119)	-	(119)
Depreciation / amortisation	(190)	(205)	(395)	(195)	(494)	(689)
Carrying amount at end of period	964	997	1,961	776	1,172	1,948

12. TAX ASSETS

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Current tax refund due	-	-	-	541	-	541
Deferred tax asset (Note 12(a))	9,345	238	9,583	8,283	15	8,298
	9,345	238	9,583	8,824	15	8,839

(a) Deferred tax asset

The balance comprises temporary differences attributable to:

Employee benefits	2,073	-	2,073	2,099	-	2,099
Provisions, accruals and creditors	3,130	238	3,368	2,419	7	2,426
Fixed assets, computer software and infrastructure projects	3,395	-	3,395	3,287	-	3,287
Other	747	-	747	478	8	486
	9,345	238	9,583	8,283	15	8,298

(b) Reconciliation of movements

Carrying amount at beginning of period	8,283	15	8,298
Adjustments to opening balance	488	-	488
Amounts arising during the period	574	223	797
Carrying amount at end of period	9,345	238	9,583

13. INTANGIBLE ASSETS

	31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000	30 June 2005 Shareholder $'000	30 June 2005 Statutory (incl. Benefit Funds) $'000	30 June 2005 Consolidated $'000
Computer Software and Infrastructure projects - at cost	15,376	-	15,376	14,722	-	14,722
Accumulated amortisation and impairment	(13,857)	-	(13,857)	(13,070)	-	(13,070)
	1,519	-	1,519	1,652	-	1,652
Goodwill on acquisition	70,004	-	70,004	70,004	-	70,004
	71,523	-	71,523	71,656	-	71,656

14. PAYABLES

	31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000	30 June 2005 Shareholder $'000	30 June 2005 Statutory (incl. Benefit Funds) $'000	30 June 2005 Consolidated $'000
Accounts payable	13,229	325	13,554	14,991	212	15,203
Amounts payable to other related parties	2,088	181	2,269	881	119	1,000
Other creditors - employee entitlements (Note 17(a))	4,916	-	4,916	5,797	-	5,797
	20,233	506	20,739	21,669	331	22,000

15. TAX LIABILITIES

	31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000	30 June 2005 Shareholder $'000	30 June 2005 Statutory (incl. Benefit Funds) $'000	30 June 2005 Consolidated $'000
Income tax	2,528	11,162	13,690	6,620	12,688	19,308
Deferred tax liability	2,890	31,024	33,914	3,270	25,480	28,750
	5,418	42,186	47,604	9,890	38,168	48,058

(a) Deferred tax liability

	31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000	30 June 2005 Shareholder $'000	30 June 2005 Statutory (incl. Benefit Funds) $'000	30 June 2005 Consolidated $'000
The balance comprises temporary differences attributable to:						
Unrealised gains	-	30,886	30,886	1	25,322	25,323
Deferred acquisition costs	2,213	-	2,213	2,612	-	2,612
Sundry debtors	323	90	413	323	90	413
Research and development project costs	175	-	175	175	-	175
Interest receivable	173	48	221	155	68	223
Other	6	-	6	4	-	4
	2,890	31,024	33,914	3,270	25,480	28,750

(b) Reconciliation of movements

	31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000
Carrying amount at beginning of period	3,270	25,480	28,750
Adjustments to opening balance	-	-	-
Amounts arising during the period	(380)	5,544	5,164
Carrying amount at end of period	2,890	31,024	33,914

16. INVESTMENT CONTRACT LIABILITIES

		31 December 2005 Shareholder $'000	31 December 2005 Statutory (incl. Benefit Funds) $'000	31 December 2005 Consolidated $'000	30 June 2005 Shareholder $'000	30 June 2005 Statutory (incl. Benefit Funds) $'000	30 June 2005 Consolidated $'000
Policyholder liabilities - investment contracts with DPF		-	611,353	611,353	-	-	-
Member liabilities - other investment contracts and other trusts	Note 16 (a)	-	465,456	465,456	-	1,069,710	1,069,710
		-	1,076,809	1,076,809	-	1,069,710	1,069,710

(a) AASB 1038 has been applied from 1 July 2005. Accordingly comparative information has been disclosed under AGAAP

17. PROVISIONS

	31 December 2005			30 June 2005		
	Shareholder	Statutory (incl. Benefit Funds)	Consolidated	Shareholder	Statutory (incl. Benefit Funds)	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Employee entitlements (Note 17(a))	2,189	-	2,189	1,849	-	1,849
Directors' retirement	663	-	663	733	-	733
Acquisition costs	-	-	-	60	-	60
Restructuring costs	121	-	121	594	-	594
Other provisions	4,677	-	4,677	4,394	-	4,394
	7,650	-	7,650	7,630	-	7,630

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 2004 financial year.

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 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	Acquisition Costs	Restructure	Other Provisions
	$'000	$'000	$'000	$'000
Consolidated - 31 December 2005				
Balance at beginning of period	733	60	594	4,394
Additional provisions recognised	93	-	-	1,620
Payments made	(163)	(60)	(473)	(1,337)
Balance at end of the period	663	-	121	4,677

(a) Employee Benefits and Related On-Costs Liabilities	31 December 2005 Consolidated $'000	30 June 2005 Consolidated $'000
Included in other payables (Note 14)	4,916	5,797
Provision for employee entitlements	2,189	1,849
	7,105	7,646

(b) Employee Numbers	31 December 2005 Consolidated	30 June 2005 Consolidated
Number of employees at the end of the period	408	408

	31 December 2005			30 June 2005		
	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000
18. DEFERRED REVENUE LIABILITY						
Deferred revenue liability	4,982	-	4,982	4,982	-	4,982
19. INSURANCE CONTRACT LIABILITIES						
Gross policy liabilities ceded under reinsurance	-	362	362	-	362	362
Policy liabilities	-	(453)	(453)	-	(453)	(453)
	-	(91)	(91)	-	(91)	(91)

		31 December 2005			30 June 2005		
20. CONTRIBUTED CAPITAL	Number of Shares	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000
Ordinary Shares							
Balance at the beginning of the period	64,173,970	175,983	-	175,983	171,428	-	171,428
Issued during the period	372,256	2,757	-	2,757	4,411	-	4,411
Less: Transaction costs arising on share issues	-	-	-	-	144	-	144
Balance at the end of the period	64,546,226	178,740	-	178,740	175,983	-	175,983
Treasury Shares							
Balance at the beginning of the period	1,071,423	(5,460)	-	(5,460)	(1,292)	-	(1,292)
Acquired during the period	335,403	(2,489)	-	(2,489)	(4,411)	-	(4,411)
Employee shares vested during the period (Note 21)	(108,525)	532	-	532	243	-	243
Balance at the end of the period	1,298,301	(7,417)	-	(7,417)	(5,460)	-	(5,460)

	31 December 2005			30 June 2005		
21. RESERVES	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000	Shareholder $'000	Statutory (incl. Benefit Funds) $'000	Consolidated $'000
Reserves consist of:						
Reserve for share-based payments	2,013	-	2,013	1,588	-	1,588
Balance at beginning of the period	1,588	-	1,588	473	-	473
Amount recognised during the period	957	-	957	1,358	-	1,358
Shares vested during the period (Note 20)	(532)	-	(532)	(243)	-	(243)
Balance at end of the period	2,013	-	2,013	1,588	-	1,588
22. RETAINED PROFITS						
Retained Profits						
Balance at beginning of the period	587	131	718	(1,625)	75	(1,550)
Net profit attributable to members of IOOF Holdings Ltd	10,153	40	10,193	14,896	56	14,952
Dividends Paid	(7,521)	-	(7,521)	(12,619)	-	(12,619)
Retained (profits)/losses due to changes in ownership	-	-	-	(65)	-	(65)
Balance at end of the period	3,219	171	3,390	587	131	718

23. MINORITY INTEREST IN CONTROLLED ENTITIES

Minority interests in controlled entities	3,664	-	3,664	4,197	-	4,197

24. DIVIDENDS

A final dividend of 12 cents per ordinary share franked to 100% based on a tax paid at 30% was paid during the period in respect of the financial year ended 30 June 2005.

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

25. EARNINGS PER SHARE

	31 December 2005 Consolidated Cents	31 December 2004 Consolidated Cents
Basic earnings per share	16.11	9.87
Diluted earnings per share	15.84	9.79

Reconciliations of earnings used in calculating earnings per share	31 December 2005 Consolidated $'000	31 December 2004 Consolidated $'000
Net Profit	11,541	6,709
Net (profit) / loss attributable to outside equity interests	(1,348)	(485)
Earnings used in calculating earnings per share	10,193	6,224

Weighted average number of shares used in the calculation of earnings per share	31 December 2005 Consolidated Number	31 December 2004 Consolidated Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	63,294,349	63,061,156
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	64,339,126	63,588,047

26. 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 Group 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 31 December 2005 $325,345 (30 June 2005: $325,345)

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

27. SEGMENT INFORMATION

Primary reporting - business segments

31 December 2005	Wholesale Funds Management	Retail Funds Management and Administration	Inter segment eliminations/ Unallocated	Consolidated
	$'000	$'000	$'000	$'000
Total Segment Revenue	16,797	156,952	1,063	174,812
Profit before income tax	4,348	27,451	(829)	30,970
31 December 2004				
Total Segment Revenue	11,581	140,745	(157)	152,169
Profit before income tax	2,871	24,476	(1,135)	26,212

(a) 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 dealer groups aligned to the Group.
Inter segment eliminations	Segment revenues, expenses and results include transfers between segments. Such transfers are priced on a normal commercial basis and are eliminated on consolidation.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('AIFRS'). The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition, except for financial instruments (including derivatives), investment products and insurance products, where the date of transition is 1 July 2005 (refer note 1(i) and (k)). An explanation of how the transition from superseded policies to AIFRS has affected the consolidated entity's balance sheet, income statement and cash flows is set out in the following tables and the notes that accompany the tables.

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At date of transition to AIFRS: 1 July 2004

Balance Sheet	Notes	CONSOLIDATED		
		Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Assets				
Cash and cash equivalents	(a)(b)	62,124	850,972	913,096
Receivables	(a)	44,064	(544)	43,520
Other financial assets	(a)(b)	35,687	352,513	388,200
Investments accounted for using the equity method		4,138	-	4,138
Other assets	(i)	14,325	5,719	20,044
Plant and equipment	(e)	1,932	43	1,975
Deferred tax asset	(k)	5,938	2,231	8,169
Gross policy liabilities ceded under reinsurance		396	-	396
Intangible assets	(d)(e)	14,983	45,495	60,478
Excess of net market value over net assets of controlled entities	(c)	125,637	(125,637)	-
Total Assets		309,224	1,130,792	1,440,016
Liabilities				
Payables	(a)(g)	21,154	3,195	24,349
Current tax liabilities	(k)	-	6,622	6,622
Investment contract liabilities	(a)	-	1,198,849	1,198,849
Provisions	(g)(h)	14,898	588	15,486
Deferred tax liabilities	(k)	23,968	(6,618)	17,350
Deferred revenue liability	(j)	-	5,086	5,086
Insurance contract liabilities		500	-	500
Total Liabilities		60,520	1,207,722	1,268,242
NET ASSETS		248,704	(76,930)	171,774
Equity				
Parent entity interest				
Contributed capital	(f)	170,136	1,292	171,428
Treasury shares	(f)	-	(1,292)	(1,292)
Reserve for share-based payments	(f)	-	473	473
Retained profits	(l)	75,863	(77,413)	(1,550)
Total Parent Entity Interest		245,999	(76,940)	169,059
Minority interest	(g)	2,705	10	2,715
TOTAL EQUITY		248,704	(76,930)	171,774

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

Balance Sheet	Notes	CONSOLIDATED Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Assets				
Cash and cash equivalents	(a)(b)(f)	19,422	920,658	940,080
Receivables	(a)	50,956	(18,975)	31,981
Other financial assets	(a)(b)	68,875	144,452	213,327
Investments accounted for using the equity method		4,094	-	4,094
Other assets	(i)	14,023	5,498	19,521
Plant and equipment	(e)	1,928	43	1,971
Deferred tax assets	(k)	6,215	2,676	8,891
Gross policy liabilities ceded under reinsurance		396	-	396
Intangible assets	(d)(e)	15,701	56,416	72,117
Excess of net market value over net assets of controlled entities	(c)	155,976	(155,976)	-
Total Assets		337,586	954,792	1,292,378
Liabilities				
Payables	(a)(g)	17,816	(161)	17,655
Current tax liabilities	(i)	-	9,273	9,273
Investment contract liabilities	(a)	-	1,045,400	1,045,400
Deferred tax liabilities	(k)	37,462	(9,269)	28,193
Provisions	(g)(h)	13,032	602	13,634
Deferred revenue liability	(j)	-	5,034	5,034
Insurance contract liabilities		500	-	500
Total Liabilities		68,810	1,050,879	1,119,689
NET ASSETS		268,776	(96,087)	172,689
Equity				
Parent entity interest				
Contributed capital	(f)	170,136	5,703	175,839
Treasury shares	(f)	-	(5,460)	(5,460)
Reserve for share-based payments	(f)	-	909	909
Retained profits	(l)	95,612	(97,247)	(1,635)
Total Parent Entity Interest		265,748	(96,095)	169,653
Minority interest	(g)	3,028	8	3,036
TOTAL EQUITY		268,776	(96,087)	172,689

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

Balance Sheet	Notes	CONSOLIDATED		
		Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Assets				
Cash and cash equivalents	(a)(b)(f)	33,043	924,380	957,423
Receivables	(a)	60,717	(12,527)	48,190
Current tax assets	(k)	-	541	541
Other financial assets	(a)	65,689	158,188	223,877
Investments accounted for using the equity method		2,167	-	2,167
Other assets	(i)	10,120	5,277	15,397
Plant and equipment	(e)	1,905	43	1,948
Deferred tax assets	(k)	6,254	2,044	8,298
Gross policy liabilities ceded under reinsurance		362	-	362
Intangible assets	(d)(e)	15,887	55,769	71,656
Excess of net market value over net assets of controlled entities	(c)	184,785	(184,785)	-
Total Assets		380,929	948,930	1,329,859
Liabilities				
Payables	(a)(g)	22,770	(770)	22,000
Current tax liabilities	(k)	-	19,308	19,308
Investment contract liabilities	(a)	-	1,069,710	1,069,710
Deferred tax liabilities	(k)	48,179	(19,429)	28,750
Provisions	(g)(h)	6,886	744	7,630
Deferred revenue liability	(j)	-	4,982	4,982
Insurance contract liabilities		453	-	453
Total Liabilities		78,288	1,074,545	1,152,833
NET ASSETS		302,641	(125,615)	177,026
Equity				
Parent entity interest				
Contributed capital	(f)	170,280	5,703	175,983
Treasury shares	(f)	-	(5,460)	(5,460)
Reserve for share-based payments	(f)	-	1,588	1,588
Retained profits	(l)	128,170	(127,452)	718
Total Parent Entity Interest		298,450	(125,621)	172,829
Minority interest	(g)	4,191	6	4,197
TOTAL EQUITY		302,641	(125,615)	177,026

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(2) Reconciliation of profit under previous Australian Generally Accepted Accounting Principles (AGAAP) to profit under Australian equivalents to IFRS (AIFRS)

(a) Profit for the half-year ended 31 December 2004

	Notes	CONSOLIDATED		
		Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Income Statement				
Revenue	(a)(c)(j)	116,856	35,313	152,169
Expenses, excluding finance costs	(a)(c)(d)(e)(f)(g)(h)(i)	(89,442)	(38,639)	(128,081)
Finance costs		(11)	-	(11)
Share of Net Profits of associates		2,135	-	2,135
Profit before income tax		29,538	(3,326)	26,212
Income tax (expense) / benefit	(k)	(2,959)	(16,544)	(19,503)
Profit for the period		26,579	(19,870)	6,709
(Profit) / loss attributable to minority interest	(g)	(487)	2	(485)
Net Profit attributable to members of IOOF Holdings Ltd		26,092	(19,868)	6,224

(b) Profit for the year ended 30 June 2005

	Notes	Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Income Statement				
Revenue	(a)(c)(j)	244,158	44,416	288,574
Expenses, excluding finance costs	(a)(d)(e)(f)(g)(h)(i)	(178,634)	(69,431)	(248,065)
Finance costs		(56)	-	(56)
Share of Net Profits of associates		5,099	-	5,099
Profit before income tax		70,567	(25,015)	45,552
Income tax (expense) / benefit	(k)	(3,880)	(25,409)	(29,289)
Profit for the period		66,687	(50,424)	16,263
(Profit) / loss attributable to minority interest	(g)	(1,554)	4	(1,550)
Net Profit attributable to members of IOOF Holdings Ltd		65,133	(50,420)	14,713

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(3) Impacts on Cash flow statement of adopting AIFRS

(a) Cash Flows for the half-year ended 31 December 2004

Cash Flow Statement	Notes	CONSOLIDATED		
		Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Cash flows from operating activities				
Management fees and commission income received	(a) (o)	85,489	11,667	97,156
Premium income received		310	-	310
Payments to suppliers and employees	(a) (o)	(79,004)	(51,392)	(130,396)
Dividends/distributions received	(a)	853	30,109	30,962
Proceeds from sale of trading securities	(a)	-	72,141	72,141
Dividends received from subsidiaries		2,180	-	2,180
Interest income received	(a)	1,565	(92)	1,473
Other income received	(a)	439	1,749	2,188
Interest paid		(11)	-	(11)
GST Paid	(o)	-	(2,057)	(2,057)
Income tax paid	(a)	(482)	(6,244)	(6,726)
Net cash provided by/(used in) operating activities		11,339	55,881	67,220
Cash flows from financing activities				
Dividends paid	(f)	(6,309)	-	(6,309)
Dividends paid to minority interests in subsidiaries		(164)	-	(164)
Net cash provided by/(used in) financing activities		(6,473)	-	(6,473)
Cash flows from investing activities				
Proceeds from sale of investment securities		4,564	-	4,564
Payment of deferred consideration for acquisition of business		(12,600)	-	(12,600)
Payment for purchase of investments		(125)	-	(125)
Payment for purchase of shares in controlled entity		(82)	-	(82)
Proceeds from repayment of loans and mortgage securities		933	-	933
Payment for purchase of plant and equipment		(387)	-	(387)
Payment for purchase of other intangible assets		(2,442)	-	(2,442)
Proceeds from loans repaid by Directors		167	-	167
Loans to related parties		(3)	-	(3)
Proceeds from loans repaid by related parties		55	-	55
Loans to executives of related entity		(383)	-	(383)
Net cash outflow upon de-consolidation of trust no longer controlled		-	(23,460)	(23,460)
Net cash provided by/(used in) investing activities		(10,303)	(23,460)	(33,763)
Net increase/(decrease) in cash held		(5,437)	32,421	26,984
Cash at the beginning of the financial period		75,462	837,634	913,096
Cash at the end of the financial period		70,025	870,055	940,080

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(b) Cash Flows for the year ended 30 June 2005

Cash Flow Statement	Notes	CONSOLIDATED		
		Previous AGAAP $'000	Effect of Transition $'000	AIFRS $'000
Cash flows from operating activities				
Management fees and commission income received	(a) (o)	185,782	3,739	189,521
Premium income received		676	-	676
Payments to suppliers and employees	(a) (o)	(169,360)	(42,995)	(212,355)
Payment for purchase of investments	(a)	(62)	57,153	57,091
Dividends/distributions received	(a)	2,390	51,356	53,746
Interest income received	(a)	2,422	733	3,155
Dividends received from associate		4,020	-	4,020
Other income received	(a)	2,543	5,246	7,789
GST paid	(o)	-	(5,769)	(5,769)
Income tax benefit received / (paid)	(a)	2,662	(7,813)	(5,151)
Net cash provided by/(used in) operating activities		31,073	61,650	92,723
Cash flows from financing activities				
Dividends paid to minority		(456)	-	(456)
Dividends paid	(f)	(12,761)	81	(12,680)
Net cash provided by/(used in) financing activities		(13,217)	81	(13,136)
Cash flows from investing activities				
Payment of deferred consideration for acquisition of business		(12,600)	-	(12,600)
Final payment for acquisition of business		(3,809)	-	(3,809)
Proceeds from sale of investment securities		9,112	-	9,112
Proceeds from repayment of loans and mortgage securities		76	-	76
Payment for purchase of plant and equipment		(824)	-	(824)
Payment for purchase of other intangible assets		(3,633)	-	(3,633)
Loans made to directors of controlled entities		(89)	-	(89)
Proceeds from loans repaid by Directors		252	-	252
Loans made to related parties		(68)	-	(68)
Proceeds from loans repaid by related parties		60	-	60
Loans made to executives of controlled entities		(432)	-	(432)
Proceeds from loans repaid by executives		49	-	49
Proceeds from disposal of plant and equipment		106	-	106
Net cash outflow upon de-consolidation of trust no longer controlled		-	(23,460)	(23,460)
Net cash provided by/(used in) investing activities		(11,800)	(23,460)	(35,260)
Net increase/(decrease) in cash held		6,056	38,271	44,327
Cash at the beginning of the financial period		75,462	837,634	913,096
Cash at the end of the financial period		81,518	875,905	957,423

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(4) Notes to the reconciliations

(a) Consolidation of Benefit Funds

The Group is required to consolidate certain benefit funds and other trusts that it controls, in accordance with AASB 127 *Consolidated and Separate Financial Statements*. Under previous AGAAP these benefit funds were not included in the consolidated financial statements due to exemptions under APRA Prudential Rule 47 *Friendly Society Financial Statements* and ASIC Class Order 99/1225 *Financial Reporting Requirements for Benefit Fund Friendly Societies*. The effect of this for the Group is:

(i) At 1 July 2004

- cash and cash equivalents increased by $837,634,000
- receivables decreased by $544,000 (additional receivables of $24,693,000; offset by the elimination of inter-entity receivables of $25,237,000)
- other financial assets increased by $365,851,000
- payables increased by $4,092,000 (additional payables of $29,329,000; offset by the elimination of inter-entity payables of $25,237,000)
- investment contract liabilities increased by $1,198,849,000

(ii) At 31 December 2004

- cash and cash equivalents increased by $870,022,000
- receivables decreased by $18,975,000 (additional receivables of $13,489,000; offset by the elimination of inter-entity receivables of $32,464,000)
- other financial assets increased by $195,055,000
- payables increased by $702,000 (additional payables of $33,166,000; offset by the elimination of inter-entity payables of $32,464,000)
- investment contract liabilities increased by $1,045,400,000

(iii) At 30 June 2005

- cash and cash equivalents increased by $875,763,000
- receivables decreased by $12,527,000 (additional receivables of $27,401,000; offset by the elimination of inter-entity receivables of $39,928,000)
- other financial assets increased by $206,662,000
- payables increased by $188,000 (additional payables of $40,117,000; offset by the elimination of inter-entity payables of $39,929,000)
- investment contract liabilities increased by $1,069,710,000

(iv) For the half-year ended 31 December 2004

- revenues from ordinary activities increased by $52,662,000
- expenses from ordinary activities increased by $35,675,000
- income tax expense increased by $16,987,000

(v) For the year ended 30 June 2005

- revenues from ordinary activities increased by $91,126,000
- expenses from ordinary activities increased by $65,478,000
- income tax expense increased by $25,648,000

(vi) Cash Flow Statement for the period ended 31 December 2004 and the year ended 30 June 2005

Adjustments to the cash statement primarily result from the consolidation of the benefit funds. Under previous AGAAP these benefit funds were not included in the consolidated cash flow statement. Other reclassifications within the statement are due to the AIFRS treatment of GST, but have no effect on the net increase/ decrease in cash held.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(b) Financial instruments

The Group took 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. Previous AGAAP has been applied to the classification and measurement of financial instruments within the scope of AASB 132 and AASB 139 for all disclosures up to 30 June 2005. The effect of this for the Group is:

(i) At 1 July 2004

There has been a change in classification which has resulted in an increase in cash and cash equivalents of $13,338,000, with a corresponding decrease in other financial assets.

(ii) At 31 December 2004

There has been a change in classification which has resulted in an increase in cash and cash equivalents of $50,603,000, with a corresponding decrease in other financial assets.

(iii) At 30 June 2005

There has been a change in classification which has resulted in increase in cash and cash equivalents of $48,475,000, with a corresponding decrease in other financial assets.

The adjustments on transition to AASB 132, AASB 139 and AASB 1038 on I July 2005 are as follows:

	CONSOLIDATED		
	30 June 2005	Adjustment	1 July 2005
	$'000	$'000	$'000
Assets			
Other financial assets	223,877	(969)	222,908
Liabilities			
Deferred tax liabilities	28,750	(282)	28,468

Refer to Note 1(i) for further information in relation to the accounting policies adopted and the transition to AASB 132 and AASB 139.

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

Under AASB 138 *Intangible Assets*, internally generated goodwill can not be recognised. Accordingly the EMVONA asset that was recognised in the consolidated financial statements of a life insurer under previous AGAAP is not recognised; except to the extent it represents acquired goodwill upon the acquisition of subsidiaries, as discussed in Note (d) below. The effect of this for the Group is:

(i) At 1 July 2004

The EMVONA asset amounting to $125,637,000 has been derecognised, with a corresponding decrease in retained profits.

(ii) At 31 December 2004

The EMVONA asset amounting to $155,976,000 has been derecognised, with a corresponding decrease in retained profits.

(iii) At 30 June 2005

The EMVONA asset amounting to $184,785,000 has been derecognised, with a corresponding decrease in retained profits.

(iv) For the half-year ended 31 December 2004

The increase in EMVONA for the period amounting to $17,401,000 has not been recognised in revenue in the Income Statement. Expenses have increased by $338,000 representing provision for restructure costs previously capitalised under AGAAP. Net profit has correspondingly reduced by $17,739,000.

(v) For the year ended 30 June 2005

The increase in EMVONA for the year amounting to $46,814,000 (net of an adjustment to acquisition provisions amounting to $12,334,000) has not been recognised in revenue in the Income Statement, and net profit has correspondingly reduced by this amount.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(d) Goodwill on acquisition of subsidiaries

The Group has recognised goodwill resulting from the demutualisation and re-structure of the group in June 2002, as well as the goodwill identified upon the acquisition of the AM Corporation's investment and superannuation businesses acquired in March 2003. Under AGAAP this goodwill had been recognised as part of the EMVONA asset, as described in (c) above.

There has been an increase in goodwill for the Group amounting to $12,600,000. This increase reflects the reversal of the adjustment made against EMVONA under the previous AGAAP amounting to $12,334,000, as noted in (c(v)) above, and the recognition of a benefit in the Income Statement amounting to $266,000 in the year ended 30 June 2005; both of which related to the de-recognition of the acquisition provisions for the purchase of the AM Corporation's businesses.

Amortisation of goodwill is not permitted under AIFRS. The amortisation of goodwill that was charged under previous AGAAP, since the date of transition to AIFRS, has been reversed.

The effect of these adjustments for the Group is:

(i) At 1 July 2004

There has been an increase in goodwill of $53,818,000, with a corresponding increase in retained profits.

(ii) At 31 December 2004

There has been an increase in goodwill of $66,509,000, with a corresponding increase in retained profits.

(iii) At 30 June 2005

There has been an increase in goodwill of $66,599,000, with a corresponding increase in retained profits.

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities (amortisation of goodwill) has decreased by $91,000, with a corresponding increase in net profit.

(v) For the year ended 30 June 2005

Expenses from ordinary activities (amortisation of goodwill) has decreased by $448,000, with a corresponding increase in net profit.

(e) Intangible assets de-recognised

Computer software and infrastructure project costs that were being carried under the previous AGAAP but that do not meet the strict recognition tests of AASB 138 have been de-recognised. Where the de-recognised assets have been capitalised since the date of transition to AIFRS under the previous AGAAP, the corresponding adjustment has been to increase Expenses from ordinary activities in the relevant period. Similarly, amortisation charged on the de-recognised intangible assets has been reversed to the relevant period. The effect of this for the Group is:

(i) At 1 July 2004

There has been a decrease in intangible assets of $8,323,000. Plant and equipment increased by $43,000, deferred tax assets increased by $2,324,000, and retained profits decreased by $5,956,000.

(ii) At 31 December 2004

There has been a decrease in intangible assets of $10,093,000. Plant and equipment increased by $43,000, deferred tax assets increased by $2,754,000, and retained profits decreased by $7,296,000.

(iii) At 30 June 2005

There has been a decrease in intangible assets of $10,830,000. Plant and equipment increased by $43,000, deferred tax assets increased by $2,649,000, deferred tax liabilities decreased by $125,000, and retained profits decreased by $8,013,000.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(e) Intangible assets de-recognised (continued)

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities has increased by $2,225,000; representing net additions for the period capitalised for AGAAP that have been expensed under AIFRS. In addition, amortisation of software and infrastructure projects has decreased expenses from ordinary activities by $455,000 as a result of the de-recognised intangible assets. Income tax expense has decreased by $430,000; resulting in an overall decrease in net profit of $1,340,000.

(v) For the year ended 30 June 2005

Expenses from ordinary activities has increased by $3,286,000; representing net additions for the year capitalised for AGAAP that have been expensed under AIFRS. Amortisation of software and infrastructure projects has decreased expenses from ordinary activities by $779,000 as a result of the de-recognised intangible assets. Income tax expense has decreased by $211,000; resulting in an overall decrease in net profit of $2,296,000.

(f) Executive share plan

The Group recognises an expense and increases 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 any equity instruments granted before 7 November 2002 and any that vested before 1 January 2005, but the remaining shares have been accounted for over the relevant vesting period. Under previous AGAAP, the Group was not required to recognise an expense for equity instruments issued to employees where such compensation is satisfied by the issue of additional shares by the Group. The effect of this for the Group is:

(i) At 1 July 2004

There has been an increase in the Reserve for share-based payments of $473,000, with a corresponding decrease in retained profits.

(ii) At 31 December 2004

There has been an increase in the Reserve for share-based payments of $1,152,000, with a corresponding decrease in retained profits.

(iii) At 30 June 2005

There has been an increase in the Reserve for share-based payments of $1,831,000, with a corresponding decrease in retained profits.

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities have increased by $679,000, with a corresponding decrease in net profit.

(v) For the year ended 30 June 2005

Expenses from ordinary activities have increased by $1,358,000, with a corresponding decrease in net profit.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(f) Executive share plan (continued)

The Group is required to consolidate the share trust associated with the above executive share plan as it has control of the trust, including the unvested shares held by the trust. Under previous AGAAP this trust was not included in the consolidated financial statements. The effect of this for the Group is:

(i) At 1 July 2004

Issued Capital has increased by $1,292,000, with an equal and offsetting increase in Treasury Shares.

(ii) At 31 December 2004

Cash and cash equivalents have increased by $33,000 with a corresponding increase in retained profits. Issued Capital has increased by $5,703,000, with an equal and offsetting increase in Treasury Shares. Both the Reserve for share-based payments and Treasury shares have then decreased by $243,000, representing shares that have vested to date.

(iii) At 30 June 2005

Cash and cash equivalents have increased by $142,000 with a corresponding increase in retained profits. Issued Capital has increased by $5,703,000, with an equal and offsetting increase in Treasury Shares. Both the Reserve for share-based payments and Treasury shares have then decreased by $243,000, representing shares that have vested to date.

(iv) For the half-year ended 31 December 2004

There has been no impact on the Income Statement for the period. Dividends paid for the period have decreased by $33,000.

(v) For the year ended 30 June 2005

There has been no impact on the Income Statement for the year. Dividends paid for the period have decreased by $109,000.

(g) Employee entitlement provisions and accruals

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 discounted to the present value of the obligation at the reporting date. Under previous AGAAP on-costs were included in the calculation of the employee entitlement provisions and accruals and the accrual for annual leave that was expected to be taken beyond twelve months after the end of the period was not discounted to present value. The effect of this for the Group is:

(i) At 1 July 2004

The non-current portion of the Annual leave provision has been reclassified from Payables to Provisions and employee on-costs have been reclassified from non-current Provisions to Payables. The net impact has been a decrease in Payables and an increase in Provisions amounting to $897,000.

Provisions have decreased by $213,000, the deferred tax asset has decreased by $64,000, the Minority interest reflected in the Balance Sheet has increased by $10,000 and retained profits have increased by $139,000.

(ii) At 31 December 2004

The non-current portion of the Annual leave provision has been reclassified from Payables to Provisions and employee on-costs have been reclassified from non-current Provisions to Payables. The net impact has been a decrease in Payables and an increase in Provisions amounting to $863,000.

Provisions have decreased by $168,000, the deferred tax asset has decreased by $50,000, the Minority interest reflected in the Balance Sheet has increased by $8,000 and retained profits have increased by $110,000.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(iii) At 30 June 2005

The non-current portion of the Annual leave provision has been reclassified from Payables to Provisions and employee on-costs have been reclassified from non-current Provisions to Payables. The net impact has been a decrease in Payables and an increase in Provisions amounting to $958,000.

Provisions have decreased by $123,000, the deferred tax asset has decreased by $37,000, the Minority interest reflected in the Balance Sheet has increased by $6,000 and retained profits have increased by $80,000.

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities have increased by $45,000. The Minority interest reflected in the Income Statement has decreased by $2,000. Income tax expense has decreased by $14,000, resulting in an overall decrease in net profit of $29,000.

(v) For the year ended 30 June 2005

Expenses from ordinary activities have increased by $90,000. The Minority interest reflected in the Income Statement has decreased by $4,000. Income tax expense has decreased by $27,000, resulting in an overall decrease in net profit of $59,000.

(h) Directors' retirement benefit

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 discounted to the present value of the obligation at the reporting date. Under the previous AGAAP, these provisions were not discounted to present value. The effect of this for the Group is:

(i) At 1 July 2004

The directors' retirement provision has decreased by $96,000, the deferred tax asset has decreased by $29,000, and retained profits has increased by $67,000.

(ii) At 31 December 2004

The directors' retirement provision has decreased by $93,000, the deferred tax asset has decreased by $28,000, and retained profits has increased by $65,000.

(iii) At 30 June 2005

The directors' retirement provision has decreased by $91,000, the deferred tax asset has decreased by $27,000, and retained profits has increased by $64,000.

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities has increased by $2,000. Income tax expense has decreased by $1,000, resulting in an overall decrease in net profit of $1,000.

(v) For the year ended 30 June 2005

Expenses from ordinary activities has increased by $4,000. Income tax expense has decreased by $1,000, resulting in an overall decrease in net profit of $3,000.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(i) Deferred acquisition costs

Commission costs directly related to new client accounts are recognised in the income statement over the expected life of the service contract. Under the previous AGAAP, these costs were recognised in the income statement in the period they were incurred. The effect of this for the Group is:

(i) At 1 July 2004

Other assets have increased by $5,719,000, with a corresponding increase in retained profits.

(ii) At 31 December 2004

Other assets have increased by $5,498,000, with a corresponding increase in retained profits.

(iii) At 30 June 2005

Other assets have increased by $5,277,000, with a corresponding increase in retained profits.

(iv) For the half-year ended 31 December 2004

Expenses from ordinary activities has increased by $221,000, with a corresponding decrease in net profit.

(v) For the year ended 30 June 2005

Expenses from ordinary activities has increased by $442,000, with a corresponding decrease in net profit.

(j) Deferred revenue liabilities

Fees for services to be provided in future periods are deferred and recognised in the income statement as the service is provided, over the expected term of the service contract. Under the previous AGAAP, these fees for service were recognised in the income statement in the period they were received. The effect of this for the Group is:

(i) At 1 July 2004

Deferred revenue liabilities have increased by $5,086,000, with a corresponding decrease in retained profits.

(ii) At 31 December 2004

Deferred revenue liabilities have increased by $5,034,000, with a corresponding decrease in retained profits.

(iii) At 30 June 2005

Deferred revenue liabilities have increased by $4,982,000, with a corresponding decrease in retained profits.

(iv) For the half-year ended 31 December 2004

Revenues from ordinary activities has increased by $52,000, with a corresponding increase in net profit.

(v) For the year ended 30 June 2005

Revenues from ordinary activities has increased by $104,000, with a corresponding increase in net profit.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(k) Income tax

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 balance sheet and their associated tax bases. Current and deferred taxes attributed to amounts recognised directly in equity are also recognised directly in equity. Under previous AGAAP, the deferred tax balances were determined using the income statement method. Items were only tax-effected if they were included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and the current and deferred taxes were not recognised directly in equity. The current tax assets and deferred tax assets are shown separately on the face of the balance sheet. Similarly, the current tax liabilities and deferred tax liabilities are shown separately on the balance sheet in accordance with AASB 101 *Presentation of Financial Statements.*

	Notes	CONSOLIDATED		
		1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
(i) The net effect of the adoption of AIFRS on the Deferred Tax Asset/Liability and Current Tax Asset/Liability is as follows:				
De-recognition of intangible assets	(e)	2,324	2,754	2,774
Adjustment of Directors' and employee entitlements	(g) (h)	(93)	(78)	(64)
Adjustment to Deferred Tax Liability in relation to tax base of investment in associate		(4)	(4)	(4)
Decrease in net liability		2,227	2,672	2,706
Represented by:				
Increase / (decrease) in current tax asset		-	-	541
Increase / (decrease) in deferred tax asset		2,231	2,676	2,044
(Increase) / decrease in deferred tax liabilities		(6,622)	(9,273)	(19,308)
(Increase) / decrease in current tax liabilities		6,618	9,269	19,429
		2,227	2,672	2,706

	Notes	CONSOLIDATED	
		31 December 2004 $'000	30 June 2005 $'000
(ii) For the half-year ended 31 December 2004 and for the year ended 30 June 2005			
The income tax expense for the Group has increased as follows:			
De-recognition of intangible assets	(e)	(430)	(211)
Adjustment of Directors' and employee entitlements	(g) (h)	(14)	(28)
Consolidation of the Benefit Funds	(a)	16,987	25,648
Net increase		16,543	25,409

The tax rate applicable to all periods is 30%.

28. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (continued)

(l) Retained Profits

The effect of the adoption of AIFRS on Retained Profits is as follows:

	Notes	CONSOLIDATED 1 July 2004 $'000	31 December 2004 $'000	30 June 2005 $'000
Financial Instruments	(b)	-	-	-
EMVONA	(c)	(125,637)	(155,976)	(184,785)
Goodwill on acquisition of subsidiaries	(d)	53,818	66,509	66,599
Intangible assets de-recognised	(e)	(5,956)	(7,296)	(8,013)
Executive share plan expense	(f)	(473)	(1,152)	(1,830)
Executive share plan trust consolidation	(f)	-	33	142
Directors' and employee entitlements	(g)(h)	206	175	144
Deferred acquisition costs	(i)	5,719	5,498	5,277
Deferred revenue liabilities	(j)	(5,086)	(5,034)	(4,982)
Income tax	(k)	(4)	(4)	(4)
		(77,413)	(97,247)	(127,452)

(m) Plant and Equipment

Plant and Equipment is 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 Plant and Equipment were in accordance with AIFRS.

(n) Impairment of Assets

Assets are reviewed annually for indications of impairment. If there is an indication that an asset is impaired the recoverable amount is estimated for the individual asset, but where this is not possible, the recoverable amount of the cash generating unit to which the asset belongs is determined. The recoverable amount is determined using discounted cash flows. Impairment losses recognised in respect of a cash generating unit are first 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 was considered at 1 July 2004, 31 December 2004 and 30 June 2005, and no known or reliably estimable impairment was discovered.

(o) Insurance Contracts

The Group 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 and investment contracts with discretionary participation features in IOOF Limited.

(p) Cash Flows are reflected gross of GST

In accordance with UIG 1031, cash flows are included in the Cash Flow Statement on a gross basis.

29. SUBSEQUENT EVENTS

The following matters have arisen subsequent to the end of the financial period:

- the Directors have recommended an interim dividend of 12 cents per share.

- the judge in the case of Foxeden Pty Ltd and Taylor v IOOF Building Society handed down his decision. IOOF is currently reviewing the judgement and is considering an appeal.

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.

IOOF HOLDINGS LTD
DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 5 to 49 are in accordance with the Corporations Act 2001, including:

(i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance, as represented by the results of its operations, cash flows, and changes in equity for the period ended on that date; and

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

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

I Blair
Chairman of the Board

R Dewhurst
Director and Chief Executive Officer

Melbourne, 21 February 2006

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone +61 3 8603 1000
Facsimile +61 3 8603 1999

Independent review report to the members of IOOF Holdings Limited

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of IOOF Holdings Limited (the Company) for the half-year ended 31 December 2005 included on IOOF Holdings Limited's web site. The Company's directors are responsible for the integrity of the IOOF Holdings Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of IOOF Holdings Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the IOOF Holdings Limited Group (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the IOOF Holdings Limited Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both IOOF Holdings Limited (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent

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and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations, changes in equity and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Simon Gray

Simon Gray
Partner

Melbourne
21 February 2006