Appendix 4D
Half year report

IOOF HOLDINGS LTD

ABN: 49 100 103 722

1. Reporting Period	**31 DECEMBER 2008**
Previous corresponding period	31 DECEMBER 2007

2. Results for announcement to the market

	$'000	**% change from previous corresponding period**
Revenue from ordinary activities	164,038	down 15.2%
Revenue from Shareholder activities #	115,182	down 19.7%
Underlying Net Profit After Tax *	7,862	down 50.0%
Profit from ordinary activities after tax attributable to members	9,130	up 59.4%
Net profit for the period attributable to members	9,130	up 59.4%

	Amount per share (cents)	**Franked amount per share (cents)**
Final dividend for the year ended 30 June 2008 Paid: 9 October 2008	15	15 (franked at 30%)

Revenue from Shareholder activities excludes those revenues attributable to the activities of the consolidated benefit funds of IOOF Ltd.

* *Underlying Net Profit After Tax (UNPAT) results exclude the impact of investment value write downs, Perennial Investment Partners Limited acquisition costs and share agreement liability revaluations.*

Explanation of results for the half year:

The consolidated net profit for the period attributable to members of IOOF Holdings Ltd, comprising the Company as the parent entity and controlled entities, ('IOOF Group') was $9,130,000 (31 December 2007: $5,727,000). Underlying net profit after tax (UNPAT) was $7,862,000 at 31 December 2008. ($15,734,000 as at 31 December 2007)

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 consolidated net profit for the period has been impacted by a decrease in management and commission revenues, the inclusion of several revaluation adjustments, the recognition of an available-for-sale impairment loss, the recognition of unrealised losses on other financial assets held at fair value through profit or loss, a reduction in the share of recognised equity profits and a reduction in operating cost via initiatives implemented during the period. Many of these items are detailed below.

The Group's Funds Under Management and Administration ('FUMA') were $23.7 billion as at 31 December 2008, a decline of $5.7 billion, from $29.4 billion at 30 June 2008. This movement is primarily a result of declines in market value of equities and listed property trusts. The FUMA level as at 31 December 2008 represents a decrease of 31.5% over the 31 December 2007 figure of $34.6 billion.

The decline in FUMA has resulted in a reduction in management fees, as management fees from funds are calculated based on an agreed percentage of the respective funds under management and administration. A partial offset to this decline in revenue is the reduction in commissions and rebate expenses paid to financial advisers.

During the period, revaluation adjustments were made in respect of commitments contained in shareholder agreements with executives of Perennial subsidiaries. A liability exists under AASB 132 in relation to IOOF's commitment to provide liquidity, under certain circumstances, in the vested shares held by the minority interests in two Perennial subsidiaries (Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd). Accordingly, IOOF has derecognised the minority interest in these companies. At balance date and as additional shares vest, IOOF is required to recognise movements in this liability. This liability has reduced based on the period end valuation of the underlying boutiques, resulting in a net credit of $4,746,000.

The share of equity profits recognised by the IOOF Group decreased by 26.1% compared to the previous corresponding period due to a decline in profitability experienced by Perennial Value Management Limited ('PVM'), the results of which are equity accounted.

During the period, IOOF undertook a review of its carrying value of its investment in MacarthurCook Limited ('MCK'). As a result of this review, it concluded its investment was impaired as at 31 December 2008. This assessment of fair value and subsequent impairment has resulted in a charge to the Income Statement of $3,485,000.

In order to disclose the tax expense separately, the profit before tax of $17,566,000 (31 December 2007: $15,673,000) includes an amount equal to the tax expense of the benefit funds of $6,187,000 (31 December 2007: $4,108,000). This treatment results in a disclosed reported tax rate of 45.5% (31 December 2007: 53.7%). The actual underlying reported corporate tax rate, if the benefit funds are excluded is 15.9% (31 December 2007: 37.3%). The decrease in tax rate was primarily the result of reported non-assessable revenue recognised in relation to the revaluations associated with the Perennial subsidiaries share buy-back liability as mentioned above.

3. Net tangible assets

	31 December 2008 (cents)	31 December 2007 (cents)
Net tangible assets per share	94.3	35.1

4. Entities over which control has been gained or lost

Control over the Perennial Partners Trust was lost during the period. Units within the Perennial Partners Trust were acquired in April 2008 giving the IOOF group 56.6% ownership interest in the Trust. During the period IOOF sold approximately 2 million units in this trust, taking its ownership interest to 29.4% at period end.

This change has not had a material impact on the reported results for the period.

5. Dividends

During the half year the Company paid a fully franked final dividend of 15 cents per share in respect of the financial year 30 June 2008, amounting to $10,349,672.

The directors have not declared an interim dividend for the financial year ending 30 June 2009 pending finalisation of the AWM merger. Directors are considering a special dividend of 9 to 14 cents per share in July. The final dividend will be considered consistent with the approach adopted in prior years.

6. Dividend reinvestment plans

The Company does not operate a dividend reinvestment plan.

7. Details of associates and joint venture entities

	Ownership interest held at the end of period		**Contribution to net profit**	
Equity accounted associates:	Current period %	Previous corresponding period %	Current period $'000	Previous corresponding period $'000
Perennial Value Management Ltd	52.4	52.4	2,688	3,637

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

8. Other

The information contained in this Appendix 4D is based on the 31 December 2008 half year consolidated interim financial statements of IOOF Holdings Limited and its subsidiaries, which have been subject to review by our external auditors. The financial statements are not subject to qualification. A copy of the financial statements is attached.

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

IOOF HOLDINGS LTD
A.B.N. 49 100 103 722
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

Melbourne, 10 February 2009

IOOF HOLDINGS LTD
A.B.N. 49 100 103 722
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

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 2008 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.

Principal registered office in Australia:
Level 29, 303 Collins Street, Melbourne, VIC 3000

IOOF HOLDINGS LTD
DIRECTORS' REPORT

The Directors of IOOF Holdings Ltd ('the Company') present the consolidated interim financial report for IOOF Holdings Ltd and the entities it controlled for the six months ended 31 December 2008 and the auditor's review report thereon.

Directors

The directors of the Company during the whole of the half year and up to the date of this report are:

Mr I Blair
Mr A Robinson
Dr R Sexton
Mr A Hodges
Ms K Spargo
Ms J Harvey
Mr J Pfeiffer
Mr R Harper

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 parent entity and controlled entities, ('IOOF Group') was $9,130,000 (31 December 2007: $5,727,000). 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 consolidated net profit for the period has been impacted by a decrease in management and commission revenues, the inclusion of several revaluation adjustments, the recognition of an available-for-sale impairment loss, the recognition of unrealised losses on other financial assets held at fair value through profit or loss, a reduction in the share of recognised equity profits and a reduction in operating cost via initiatives implemented during the period. Many of these items are detailed below.

The Group's Funds Under Management and Administration ('FUMA') were $23.7 billion as at 31 December 2008, a decline of $5.7 billion, from $29.4 billion at 30 June 2008. This movement is primarily a result of a decline in market value of equities and listed property trusts. The FUMA level as at 31 December 2008 represents a decrease of 31.5% over the 31 December 2007 figure of $34.6 billion.

The decline in FUMA has resulted in a reduction in management fees, as management fees from funds are calculated based on an agreed percentage of the respective funds under management and administration. A partial offset to this decline in revenue is the reduction in commissions and rebate expenses paid to financial advisers.

During the period, revaluation adjustments were made in respect of commitments contained in shareholder agreements with executives of Perennial subsidiaries. A liability exists under AASB 132 in relation to IOOF's commitment to provide liquidity, under certain circumstances, in the vested shares held by the minority interests in two Perennial subsidiaries (Perennial Fixed Interest Partners Pty Ltd and Perennial Growth Management Pty Ltd). Accordingly, IOOF has derecognised the minority interest in these companies. At balance date and as additional shares vest, IOOF is required to recognise movements in this liability. This liability has reduced based on the period end valuation of the underlying boutiques, resulting in an increase in profit of $4,746,000.

The share of equity profits recognised by the IOOF Group decreased by 26.1% compared to the previous corresponding period due to a decline in profitability experienced by Perennial Value Management Limited ('PVM'), the results of which are equity accounted.

During the period, IOOF undertook a review of its carrying value of its investment in MacarthurCook Limited ('MCK'). As a result of this review, it concluded its investment was impaired as at 31 December 2008. This assessment of fair value and subsequent impairment has resulted in a charge to the Income Statement of $3,485,000.

In order to disclose the tax expense separately, the profit before tax of $17,566,000 (31 December 2007: $15,673,000) includes an amount equal to the tax expense of the benefit funds of $6,187,000 (31 December 2007: $4,108,000). This treatment results in disclosure of a reported tax rate of 45.5% (31 December 2007: 53.7%). The actual underlying reported corporate tax rate, if the benefit funds are excluded is 15.9% (31 December 2007: 37.3%). The decrease in tax rate was primarily the result of reported non-assessable revenue recognised in relation to the revaluations associated with the Perennial subsidiaries share buy-back liability as mentioned above.

Consolidated Balance Sheet

Growth in total net assets since 30 June 2008 has arisen from profit of IOOF Holdings Limited offset by the payment of a final dividend in respect of the year ended 30 June 2008.

Significant Changes in State of Affairs

The following significant changes in the IOOF Group's state of affairs occurred during the period.

- In October 2008, the IOOF Group acquired shares from minority interests in its subsidiary Perennial Fixed Interest Partners Pty Ltd. The Group's shareholding in this entity increased from 67.3% to 74.6%.

- In November 2008, IOOF Holdings Ltd cancelled its on-market share buy-back program to acquire up to 2,000,000 shares. No shares had been purchased under this program to the date of this cancellation.

- In November 2008, IOOF Holdings Ltd and Australian Wealth Management Limited ('AWM') announced their intention to merge, with IOOF offering 1 share for every 3.73 shares of AWM. The Company and AWM announced in December 2008, satisfactory completion of the mutual confirmatory due diligence exercise associated with the proposed merger of the two companies. The proposed merger remains subject to a number of conditions including AWM shareholder approval, Court approval and regulatory approvals.

Dividends

During the financial period the Company paid a fully franked final dividend of 15 cents per share amounting to $10,349,672 in respect of the financial year ended 30 June 2008.

The directors have not declared an interim dividend for the financial year ending 30 June 2009 pending finalisation of the AWM merger. Directors are considering a special dividend of 9 to 14 cents per share in July. The final dividend will be considered consistent with the approach adopted in prior years.

Matters Subsequent to the End of the Financial Period

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying interim 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.

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under S307C of the Corporations Act 2001 is set out on page 4.

Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Mr I Blair
Chairman of the Board

Mr A Robinson
Director and Chief Executive Officer

Melbourne, 10 February 2009

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

To: the directors of IOOF Holdings Ltd.

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

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

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

KPMG

KPMG

Michelle Hinchliffe
Partner

Melbourne
10 February 2009

IOOF HOLDINGS LTD
CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	31 December 2008 $'000	31 December 2007 $'000
Revenue	4	163,552	193,041
Other Income	4	486	409
Expenses	6	(149,152)	(179,846)
Finance costs	6	(8)	(1,568)
Share of profit of associate	5	2,688	3,637
Profit before income tax		17,566	15,673
Income tax expense	7	(7,991)	(8,420)
Profit for the period		9,575	7,253
Profit for the period is attributable to:			
Equity holders of IOOF Holdings Ltd		9,130	5,727
Minority interest		445	1,526
		9,575	7,253
Earnings per share for profit attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share	30	13.4	8.4
Diluted earnings per share	30	13.2	8.3

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

IOOF HOLDINGS LTD
CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31 December 2008 $'000	30 June 2008 $'000
Assets			
Cash and cash equivalents	8	543,576	583,444
Receivables	9	37,014	67,350
Other financial assets	10	444,770	558,594
Investments accounted for using the equity method	11	8,042	7,260
Other assets	12	9,755	10,335
Property and equipment	13	4,003	4,307
Deferred tax assets	14	14,101	22,890
Intangible assets	15	168,138	167,714
Total Assets		1,229,399	1,421,894
Liabilities			
Payables	16	18,752	34,305
Borrowings	17	-	-
Current tax liabilities	18	444	8,099
Deferred tax liabilities	18	-	-
Provisions	19	9,528	9,584
Other financial liabilities	20	18,683	25,125
Deferred revenue liability	21	2,911	4,163
Investment contract liabilities	22	336,425	471,438
Insurance contract liabilities	23	477,190	495,393
Outside interest in controlled trusts	24	132,240	141,209
Total Liabilities		996,173	1,189,316
NET ASSETS		233,226	232,578
Equity			
Contributed equity	25	218,637	218,637
Treasury shares	25	(4,247)	(4,701)
Preference shares	25	1,400	1,400
Reserves	26	6,835	5,440
Retained profits	27	9,932	11,078
Total equity attributable to equity holders of IOOF Holdings Ltd		232,557	231,854
Minority interest	28	669	724
TOTAL EQUITY		233,226	232,578

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

IOOF HOLDINGS LTD
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	31 December 2008 $'000	31 December 2007 $'000
Total Equity at the beginning of the period		232,578	189,905
Reserve for available-for-sale investment revaluations	26	345	-
Total net amount recognised directly in equity		345	-
Profit for the half year		9,575	7,253
Total recognised income and expense for the period		9,920	7,253
Transactions with equity holders in their capacity as equity holders			
Shares issued to General staff share acquisition plan	25	-	326
Contributions of equity, net of transaction costs	25	-	38,974
Treasury shares - Executive performance share plan	25	454	87
Reserve for share based payments	26	1,050	1,304
Dividends paid to shareholders of the Company	27	(10,276)	(12,294)
Dividends paid to minority interests in subsidiaries		(500)	(1,736)
		(9,272)	26,661
Total Equity at the end of the period		233,226	223,819
Total recognised income and expense for the period is attributable to:			
- Equity holders of IOOF Holdings Ltd	27	9,130	5,727
- Minority interest		445	1,526
		9,575	7,253

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

IOOF HOLDINGS LTD
CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	31 December 2008 $'000	31 December 2007 $'000
Cash flows from operating activities			
Management fees and commission income received		129,718	178,664
Premium income received		325	333
Contributions proceeds		83,730	114,618
Payments to suppliers and employees		(134,041)	(135,782)
Distributions received		46,910	35,321
Dividends received from non-related entities		408	236
Interest income received		12,290	14,785
Interest paid		(8)	(295)
Withdrawal payments		(149,460)	(318,735)
Net proceeds/(payments) from sales or purchases of financial assets		(288)	306,446
Other income received		1,034	409
GST paid		(4,814)	(20,092)
Income tax paid		(15,148)	(26,237)
Net cash provided by/(used in) operating activities		(29,344)	149,671
Cash flows from financing activities			
Dividends paid to shareholders of the Company		(10,276)	(12,294)
Dividends paid to minority interests in subsidiaries		(500)	(1,736)
Dividends paid to shareholders entitled to contractual share buy-back		(973)	(1,491)
Cash proceeds from shares issued		-	38,974
Payments made to credit facility		-	(33,500)
Net cash used in financing activities		(11,749)	(10,047)
Cash flows from investing activities			
Payment for purchase of property and equipment		(491)	(595)
Payment for purchase of shares in a controlled entity		(1,831)	-
Payment for purchase of intangible assets		(164)	(584)
Dividends received from associate		1,906	2,539
Proceeds from loans repaid by directors and executives		-	190
Loans made to policy holders - Benefit Funds		(532)	(979)
Proceeds from loans repaid by policy holders - Benefit Funds		2,158	445
Loan made to executives of a related entity		-	(279)
Interest received on loans made to directors and executives		179	21
Net cash provided by investing activities		1,225	758
Net increase/(decrease) in cash and cash equivalents		(39,868)	140,382
Cash and cash equivalents at the beginning of the period		583,444	509,280
Cash and cash equivalents at the end of the period	8	543,576	649,662

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated interim financial report are set out below. The interim financial report includes the financial report for the consolidated entity consisting of IOOF Holdings Ltd ('Company or Parent entity'), its subsidiaries and the controlled trusts ('Group').

(a) Basis of Preparation

The financial report is a general purpose financial report for the interim half year reporting period ended 31 December 2008. It has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This consolidated 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 2008 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

The consolidated financial report of the Group complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) applicable to interim financial reports.

This financial report has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are at fair value, and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. The Balance Sheet is presented in order of liquidity.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The financial report was authorised for issue by the directors on 10 February 2009. The Company has the power to amend and reissue the financial report.

(b) Principles of Consolidation

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of IOOF Holdings Ltd as at 31 December 2008 and the results of all subsidiaries for the period then ended. This includes the benefit funds of its subsidiary, IOOF Ltd, and any controlled trusts. IOOF Holdings Ltd, its subsidiaries and the controlled trusts together are referred to in this financial report as the Group or the consolidated entity.

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.

In preparing the consolidated interim financial report, 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 period, 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 period, its results are included for that part of the period 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 (j) *Product Classification* for information in relation to the different accounting treatment of investment contracts with discretionary participating features.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Principles of Consolidation (continued)

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

(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 report.

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

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.

(d) Segment Reporting

The Group's predominant source and nature of risks and rewards is related to its business 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.

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Revenue (continued)

Distribution income is 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.

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

(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 income 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% (2007: 15%) and the ordinary business of the Company is taxed at the rate of 30% (2007: 30%).

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

Tax consolidation legislation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Cash and Cash Equivalents

For cash flow statement presentation purposes, 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.

(h) Receivables

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

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

The amount of the provision for impairment is recognised in the Income Statement within expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against expenses in the Income Statement.

(i) Other Financial Assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Other Financial Assets (continued)

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or are not classified in any of the other categories. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

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

Subsequent Measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. 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 unless assessed as impaired.

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

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

(j) Product classification

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

Insurance contracts

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

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

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
- are based on the performance of a specified pool of assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Product classification (continued)

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 for as a deposit through the Balance Sheet as described above.

(k) Assets backing policy liabilities

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

(l) 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.

(m) 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 (p)(i)). If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

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

(n) 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, whichever is shorter.

(o) Property and Equipment

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(o) Property and Equipment (continued)

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

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:
- Office Equipment three to ten years,
- Leasehold Improvements three to ten 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 disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

(p) 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 reporting segment.

(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 as 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 three 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 three years.

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

(q) Impairment of Assets

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

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. The impairment recognised for goodwill is not subsequently reversed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(r) 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.

(s) Employee Entitlements

(i) Wages, Salaries, and Annual Leave
Liabilities for wages, salaries and annual leave represent the Group's present obligation in relation to employees' services provided up to balance date. The liabilities are recognised at the remuneration rates expected to be paid when obligations are settled, and do not include related on-costs such as workers compensation insurance and payroll tax. Where the absences are expected to occur within 12 months, they are recognised in other creditors. Whereas where the absences are expected to occur beyond 12 months, they are discounted using rates attaching to Commonwealth Government securities, that most closely match the terms of maturity of the related liabilities at balance date 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. The amounts recognised as a liability for long service leave entitlements does not include related on-costs such as workers compensation insurance and payroll tax.

(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 various employee share schemes. A pool of shares have been issued to satisfy the expected vestings, pending the satisfaction of performance prerequisites, with the IOOF Executive Performance Share Plan Trust. The IOOF Group has no right to recall placed shares. However, a subsidiary Company acts as the trustee of this Trust, and can direct the voting rights of shares held and strategic direction. 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.

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

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 information available at reporting 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.

The fair value of options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(s) Employee Entitlements (continued)

The fair value of the shares and options is calculated so as to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares and options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of shares and options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Income Statement with a corresponding adjustment to equity.

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

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

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

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

(vii) Retirement Benefit Obligations
Employees of the Group are entitled to benefits 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. Employees are entitled to nominate external superannuation plans to which fixed contributions are similarly directed. Contributions to defined contribution Superannuation Plans are recognised as an expense in the Income Statement when incurred.

(t) Provisions

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(t) Provisions (continued)

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

(u) Other Financial Liabilities

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

(v) Insurance Contract Liabilities and Claims Expense

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

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

(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) Borrowings

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

Preference shares are classified as liabilities if they are mandatorily redeemable on a specific date. The dividends on those preference shares classified as liabilities are recognised in the Income Statement as finance costs.

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

(y) Investment Contract Liabilities and Claims Expense

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(y) Investment Contract Liabilities and Claims Expense (continued)

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

(z) Leases

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

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

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

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

Lease incentives are recognised as liabilities. Lease rental payments are allocated between rental expense and reduction of the liability, on a straight-line basis over the period of the incentive.

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

(aa) Shareholders' entitlement to monies held in Statutory Funds

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

(ab) Contributed equity

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

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

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

(ac) Dividends

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ad) Earnings per Share

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

(ae) Goods and Services Tax

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

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

(af) Rounding of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(ag) Comparatives

Changes occurring as a result of the initial adoption of an accounting standard are accounted for retrospectively, unless in accordance with the transitional provisions of the relevant standard such retrospective change is not required, or where it is impractical to do so.

Changes in application of existing accounting policies are accounted for retrospectively, unless it is impractical to do so.

Specific disclosures are made wherever accounting policies have not been consistently applied to prior year comparatives.

2. RISK MANAGEMENT

The Group's risk management objectives and policies are consistent with that disclosed in the annual report for the year ended 30 June 2008.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report included in the annual report for the year ended 30 June 2008.

	Half year ended 31 December 2008			Half year ended 31 December 2007		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
4. REVENUE						
Revenue						
Management fees:						
- Investment products	89,686	-	89,686	113,923	-	112,889
- Benefit Funds	6,823	-	6,823	8,202	-	9,236
- Associated entity	1,082	-	1,082	1,022	-	1,022
- Related entities	-	2,373	2,373	-	3,134	3,134
- Other entities	6,595	-	6,595	9,883	-	9,883
Commission revenue:						
- Non-related entities	8,259	-	8,259	10,269	-	10,269
Other fee revenue	702	-	702	682	-	682
Interest revenue:						
- Directors and Executives of subsidiaries	55	-	55	56	-	56
- Other related parties	211	-	211	83	-	83
- Non-related entities	1,238	10,779	12,017	1,812	12,844	14,656
Dividends:						
- Non-related entities	-	408	408	12	286	298
Deposits received - investment contracts with DPF	-	21,987	21,987	-	6,617	6,617
Distributions:						
- Non-related parties	46	12,342	12,388	11	23,882	23,893
	114,697	47,889	162,586	145,955	46,763	192,718
Life Insurance Revenue						
Direct insurance premiums	-	325	325	-	323	323
Insurance claims recovered	-	641	641	-	-	-
	-	966	966	-	323	323
Total Revenue	114,697	48,855	163,552	145,955	47,086	193,041
Other income						
Finance income on related party loans	93	-	93	-	-	-
Other	392	1	393	408	1	409
	485	1	486	408	1	409
5. SHARE OF PROFIT OF ASSOCIATE						
Share of profit of associate	2,688	-	2,688	3,637	-	3,637

6. EXPENSES

Profit before income tax includes the following specific expenses:

	Half year ended 31 December 2008			Half year ended 31 December 2007		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Finance costs :						
Interest - non-related entities	8	-	8	295	-	295
Discount on deferred settlement payment	-	-	-	1,273	-	1,273
	8	-	8	1,568	-	1,568
Expenses, excluding finance costs :						
Net movement in provision for impairment of receivables in respect of amounts receivable from:						
- Related parties	75	-	75	(558)	-	(558)
Depreciation of property and equipment	795	-	795	765	-	765
Amortisation of software and infrastructure projects	422	-	422	306	-	306
Amortisation of adviser relationships	426	-	426	426	-	426
Goodwill impairment	-	-	-	2,864	-	2,864
Available-for-sale financial asset impairment	3,485	-	3,485	1,100	-	1,100
Fair value losses on other financial assets at fair value through profit or loss	1,106	108,333	109,439	91	12,712	12,803
Net loss on sale of available-for-sale financial assets	-	-	-	1,213	-	1,213
Operating lease rental expenses - non-related entities	2,071	-	2,071	2,478	-	2,478
Occupancy related expenses	263	-	263	357	-	357
Net transfers to employee provisions	2,799	-	2,799	2,393	-	2,393
Salaries and related expenses	26,980	-	26,980	28,384	-	28,384
Employee Share-based payments expense	1,758	-	1,758	1,719	-	1,719
Employee Defined contribution plan expense	2,337	-	2,337	2,197	-	2,197
Commission, rebates and management fees						
- Associated entity	4,977	-	4,977	7,296	-	7,296
- Benefit funds	2,373	6,823	9,196	3,134	8,202	11,336
- Non-related entities	47,860	744	48,604	62,728	836	63,564
Investment contracts with DPF						
- Benefits and withdrawals paid	-	42,518	42,518	-	40,796	40,796
- Decrease in policyholder liabilities	-	(18,203)	(18,203)	-	(29,753)	(29,753)
Termination bonuses	-	91	91	-	234	234
Distribution to policyholders	-	(98,877)	(98,877)	-	9,004	9,004
Professional fees	3,216	-	3,216	5,021	-	5,021
Marketing	1,535	-	1,535	1,805	-	1,805
Deferred acquisition costs amortisation	1,086	-	1,086	1,474	-	1,474
Computer maintenance and support	3,700	-	3,700	3,109	-	3,109
Office support	1,536	-	1,536	2,624	-	2,624
Travel and entertainment	2,212	-	2,212	2,223	-	2,223
Revaluation of shareholder liabilities	(4,746)	-	(4,746)	3,713	-	3,713
Other expenses	464	66	530	676	52	728
	106,730	41,495	148,225	137,538	42,083	179,621
Life Insurance operating expenses:						
Outward reinsurance expense	-	188	188	-	186	186
Policy payments/claims	-	701	701	-	-	-
Operating expenses	-	38	38	-	39	39
	-	927	927	-	225	225
Total expenses, excluding finance costs	106,730	42,422	149,152	137,538	42,308	179,846

7. INCOME TAX EXPENSE

(a) Income tax expense

	Half year ended 31 December 2008			Half year ended 31 December 2007		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Current tax	1,335	(4,143)	(2,808)	4,291	12,545	16,836
Deferred tax	184	10,352	10,536	1,636	(8,398)	(6,762)
Under / (over) provided in prior years	263	-	263	(1,654)	-	(1,654)
Income tax expense attributed to profit from continuing operations	1,782	6,209	7,991	4,273	4,147	8,420
Deferred income tax (revenue)/ expense included in income tax expense comprises:						
Decrease / (increase) in deferred tax assets (Note 14)	667	10,295	10,962	1,744	(1,394)	350
(Decrease) / increase in deferred tax liabilities (Note 18)	(483)	57	(426)	(108)	(7,004)	(7,112)
	184	10,352	10,536	1,636	(8,398)	(6,762)

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

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Profit from operations before income tax expense and items eliminated on consolidation	11,132	6,434	17,566	10,894	4,779	15,673
Inter-group interest income eliminated on consolidation	175	(175)	-	531	(531)	-
Profit from continuing operations before income tax expense	11,307	6,259	17,566	11,425	4,248	15,673
Tax at the Australian tax rate of 30% (2007: 30%)	3,392	1,878	5,270	3,428	1,274	4,702
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:						
Share of tax credits with Benefit Funds	925	(378)	547	1,641	(1,638)	3
Write down in Available-for-sale Assets	1,046	-	1,046	-	-	-
Tax on distribution to policyholders	-	4,709	4,709	-	4,511	4,511
(Non Assessable Income)/Non Deductible Expenses	(3,880)	-	(3,880)	547	-	547
Current year tax loss not recognised	36	-	36	311	-	311
	1,519	6,209	7,728	5,927	4,147	10,074
Under / (over) provided in prior years	263	-	263	(1,654)	-	(1,654)
Income tax expense	1,782	6,209	7,991	4,273	4,147	8,420

(c) Tax consolidation

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

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

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

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

(d) Tax losses

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Unused tax losses for which no deferred tax asset has been recognised	1,980	-	1,980	1,171	-	1,171
Potential tax benefit at 30% not recognised	594	-	594	351	-	351

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000

8. CASH AND CASH EQUIVALENTS

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Cash at bank	44,759	8,649	53,408	42,252	10,650	52,902
Unlisted Unit Trusts - related party	-	490,168	490,168	-	530,542	530,542
	44,759	498,817	543,576	42,252	541,192	583,444

9. RECEIVABLES

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Receivables	13,019	41	13,060	6,208	-	6,208
Interest receivable - other	2	1,642	1,644	10	1,907	1,917
Interest receivable - related parties	134	-	134	47	-	47
Provision for impairment of receivables	(228)	-	(228)	(153)	-	(153)
	12,927	1,683	14,610	6,112	1,907	8,019
Distributions receivable - other non related entity	-	9,723	9,723	29	44,216	44,245
Insurance contract asset	-	4	4	-	4	4
Gross policy liabilities ceded under reinsurance	-	256	256	-	256	256
Amounts receivable from related parties	12,421	-	12,421	14,826	-	14,826
	25,348	11,666	37,014	20,967	46,383	67,350

10. OTHER FINANCIAL ASSETS

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Fair value through profit or loss (Note 10(a))						
- Shares in listed corporations	-	15,249	15,249	5,976	16,722	22,698
- Certificates of deposit and Bank bills	-	101,293	101,293	210	101,390	101,600
- Debt securities	-	217,237	217,237	508	251,007	251,515
- Unlisted unit trusts	2,315	88,837	91,152	968	157,168	158,136
	2,315	422,616	424,931	7,662	526,287	533,949
Available-for-sale						
- Available-for-sale investment (Note 10(b))	483	-	483	3,623	-	3,623
	483	-	483	3,623	-	3,623
Loans and other receivables						
- Mortgages (Note 10(c))	109	635	744	103	774	877
- Loans to Policyholders	-	9,578	9,578	-	11,205	11,205
- Loans to directors of associate entities (Note 10(e))	4,915	-	4,915	5,037	-	5,037
- Loans to directors of controlled entities (Note 10(e))	2,241	-	2,241	2,049	-	2,049
- Loans to executives of related entities	1,791	-	1,791	1,767	-	1,767
- Regulatory deposits (Note 10(d))	87	-	87	87	-	87
	9,143	10,213	19,356	9,043	11,979	21,022
	11,941	432,829	444,770	20,328	538,266	558,594

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

(b) Available-for-sale financial asset
The available-for-sale investment is carried at fair value. Any movement in the fair value of this investment considered by the Directors as significant or represents a prolonged decline in its fair value is recognised in the Income Statement as an impairment charge.

(c) Mortgages
Mortgages are stated at fair value and have a fixed and variable interest rates ranging between 5.74% to 9.33% (30 June 2008: 7% to 9.44%). They are expected to mature after 12 months from the financial year end.

(d) Regulatory deposits
The amount of $87,200 (30 June 2008: $87,200) is held in cash to satisfy Australian Financial Services Licence requirements. This amount is not available for use.

(e) Fair value
Various loans were advanced in 2004 to Directors and Executives of the Group and of an associated entity for the specific purpose of assisting them to acquire an equity interest in a related party, Perennial Value Management Limited. These loans have since been renegotiated and became interest free effective from 1 July 2007. The Group has recognised a net fair value write back of $92,790 (30 June 2008: net fair value expense $449,510) during the period. The total principal payable on these loans is $2,275,918. The current carrying value of these loans is $1,919,198 (30 June 2008: $1,826,408).

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Investment in associated companies	8,042	-	8,042	7,260	-	7,260
Reconciliation of carrying amounts:						
Balance at beginning of the period	7,260	-	7,260	8,369	-	8,369
Dividend received	(1,906)	-	(1,906)	(8,468)	-	(8,468)
Share of operating profit after tax	2,688	-	2,688	7,359	-	7,359
	8,042	-	8,042	7,260	-	7,260

(a) At 31 December 2008, Perennial Investment Partners Limited had a shareholding interest of 52.4% (30 June 2008: 52.4%) in Perennial Value Management Limited with a 42.4% (30 June 2008: 42.4%) dividend entitlement to the profits of Perennial Value Management Limited. Due to the voting rights associated with different classes of shares in Perennial Value Management Limited, this ownership interest does not result in control. However, Perennial Investment Partners Limited can significantly influence Perennial Value Management Limited under the terms of the agreement between these entities. The principal activity of Perennial Value Management Limited is to act as investment manager.

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

	31 December 2008		31 December 2007	
	Revenues $'000	Profit/(Loss) $'000	Revenues $'000	Profit/(Loss) $'000
Perennial Value Management Limited	5,154	2,688	6,977	3,637

(c) The associate does not have any contingent liabilities, capital commitments or lease commitments.

(d) The Group holds an equity investment in a third party, that is greater than 20%, that has not been equity accounted. Other indicators of significant influence such as Board representation, technical or financial dependency and ability to influence policies and procedures have not been satisfied. On this basis, the presumption of significant influence is overcome.

12. OTHER ASSETS

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Prepayments	3,264	-	3,264	2,176	-	2,176
Deferred acquisition costs	6,491	-	6,491	8,159	-	8,159
	9,755	-	9,755	10,335	-	10,335

13. PROPERTY AND EQUIPMENT

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Office Equipment						
Cost	6,392	-	6,392	6,090	-	6,090
Accumulated depreciation	(3,884)	-	(3,884)	(3,342)	-	(3,342)
	2,508	-	2,508	2,748	-	2,748
Leasehold Improvements						
Cost	6,189	-	6,189	6,000	-	6,000
Accumulated depreciation	(4,694)	-	(4,694)	(4,441)	-	(4,441)
	1,495	-	1,495	1,559	-	1,559
Total Property and Equipment						
Cost	12,581	-	12,581	12,090	-	12,090
Accumulated depreciation	(8,578)	-	(8,578)	(7,783)	-	(7,783)
	4,003	-	4,003	4,307	-	4,307

	31 December 2008			30 June 2008		
Reconciliation of movements:	Office Equipment $'000	Leasehold Improvements $'000	Total $'000	Office Equipment $'000	Leasehold Improvements $'000	Total $'000
Carrying amount at beginning of the period	2,748	1,559	4,307	1,713	1,534	3,247
Additions	302	189	491	1,964	743	2,707
Depreciation	(542)	(253)	(795)	(929)	(718)	(1,647)
Carrying amount at end of the period	2,508	1,495	4,003	2,748	1,559	4,307

14. DEFERRED TAX ASSETS

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Deferred tax asset (Note 14(a))	10,241	3,860	14,101	8,678	14,212	22,890
(a) Deferred tax asset balance comprises temporary differences attributable to:						
Employee benefits	3,504	-	3,504	3,458	-	3,458
Impairment of Receivables	63	-	63	40	-	40
Provision for legal costs	840	-	840	841	-	841
Provisions, accruals and creditors	1,047	12	1,059	2,003	9	2,012
Fixed assets, computer software and infrastructure projects	1,000	-	1,000	1,147	-	1,147
Other, mainly income tax losses of subsidiaries	5,775	-	5,775	3,657	-	3,657
Unrealised investment losses	-	3,951	3,951	-	14,249	14,249
Deferred Tax Asset closing balance at end of the period	12,229	3,963	16,192	11,146	14,258	25,404
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 18)	(1,988)	(103)	(2,091)	(2,468)	(46)	(2,514)
Net Deferred Tax Asset closing balance at end of the period	10,241	3,860	14,101	8,678	14,212	22,890
(b) Reconciliation of movements:						
Carrying amount at beginning of period	11,146	14,258	25,404	10,127	466	10,593
Adjustments to opening balance	-	-	-	1,416	-	1,416
Adjustments per Income tax return	(192)	-	(192)	202	-	202
Tax Losses	1,970	-	1,970	876	-	876
Credit/(Charge) to Income Statement (Note 7)	(667)	(10,295)	(10,962)	(1,762)	13,792	12,030
Transfers to/from Deferred Tax Liability	3	-	3	41	-	41
Write-back of Deferred Tax Asset	(31)	-	(31)	246	-	246
Carrying amount at the end of period	12,229	3,963	16,192	11,146	14,258	25,404
(c) Maturity						
Recoverable within 12 months	8,414	32	8,446	6,907	11	6,918
Recoverable after 12 months	3,815	3,931	7,746	4,239	14,247	18,486
	12,229	3,963	16,192	11,146	14,258	25,404

15. INTANGIBLE ASSETS

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Computer Software and Infrastructure projects - at cost	7,796	-	7,796	7,632	-	7,632
Accumulated amortisation	(6,597)	-	(6,597)	(6,175)	-	(6,175)
	1,199	-	1,199	1,457	-	1,457
Adviser relationships	4,289	-	4,289	4,289	-	4,289
Accumulated amortisation	(2,304)	-	(2,304)	(1,878)	-	(1,878)
	1,985	-	1,985	2,411	-	2,411
Goodwill	169,463	-	169,463	168,454	-	168,454
Accumulated impairment	(4,509)	-	(4,509)	(4,608)	-	(4,608)
	164,954	-	164,954	163,846	-	163,846
	168,138	-	168,138	167,714	-	167,714

	31 December 2008			
Reconciliation of movements:	Software & Projects $'000	Adviser Relationships $'000	Goodwill $'000	Total $'000
Carrying amount at beginning of the period	1,457	2,411	163,846	167,714
Additions	164	-	1,108	1,272
Amortisation	(422)	(426)	-	(848)
Carrying amount at end of the period	1,199	1,985	164,954	168,138

	30 June 2008			
Reconciliation of movements:	Software & Projects $'000	Adviser Relationships $'000	Goodwill $'000	Total $'000
Carrying amount at beginning of the period	993	3,262	192,975	197,230
Additions	1,076	-	5,380	6,456
Amortisation	(612)	(851)	-	(1,463)
Impairment	-	-	(4,509)	(4,509)
Reversal of previously recognised goodwill	-	-	(30,000)	(30,000)
Carrying amount at end of the period	1,457	2,411	163,846	167,714

Impairment tests for goodwill

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

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

	31 December 2008 $'000	30 June 2008 $'000
IOOF Investment Management Limited	54,448	54,448
IOOF Ltd	11,970	11,970
Perennial Group	97,813	96,705
Consultum Financial Advisers Pty Ltd	723	723
	164,954	163,846

The recoverable amounts for the relevant CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management. Management's assessment of goodwill's value-in-use exceeds the value of goodwill allocated to these CGUs.

16. PAYABLES

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Accounts payable	10,341	100	10,441	15,318	7,218	22,536
Amounts payable to other related parties	381	-	381	1,392	-	1,392
Other creditors - employee entitlements	7,930	-	7,930	10,377	-	10,377
	18,652	100	18,752	27,087	7,218	34,305

17. BORROWINGS

	31 December 2008			30 June 2008		
Unsecured and Non-Traded						
Cash Advance Facility drawn	-	-	-	-	-	-

The Cash Advance Facility is provided under an Australian dollar line of credit facility, to which unrestricted access was available at balance date as follows:

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Total Cash Advance Facility	-	-	-	40,000	-	40,000

A cash advance facility was established with Westpac Banking Corporation Limited ('Westpac') for a 362 day period in December 2007 with a maximum draw down availability of $40m provided all the terms and conditions pertaining to this facility are met. This facility ceased to be available in 30 November 2008.

18. TAX LIABILITIES

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Current Income tax payable	444	-	444	8,099	-	8,099
Deferred tax liability (Note 18(a))	-	-	-	-	-	-

(a) Deferred tax liability comprises temporary differences

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Deferred acquisition costs	1,947	-	1,947	2,448	-	2,448
Depreciation	-	-	-	1	-	1
Interest receivable	41	103	144	14	1	15
Other	-	-	-	5	45	50
Deferred Tax Liability at end of the period	1,988	103	2,091	2,468	46	2,514
Set-off of deferred tax asset pursuant to set-off provisions (Note 14)	(1,988)	(103)	(2,091)	(2,468)	(46)	(2,514)
Net Deferred Tax Liability at end of the period	-	-	-	-	-	-

(b) Reconciliation of movements:

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Carrying amount at beginning of the period	2,468	46	2,514	3,121	30,179	33,300
Adjustments per Income tax return	-	-	-	190	(28)	162
(Credited) / Charged to Income Statement (Note 7)	(483)	57	(426)	(880)	(30,105)	(30,985)
Transfers to/from Deferred Tax Asset	3	-	3	41	-	41
Write-back of Deferred Tax Liability	-	-	-	(4)	-	(4)
Carrying amount at end of the period	1,988	103	2,091	2,468	46	2,514

19. PROVISIONS

	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Employee entitlements	4,907	-	4,907	3,959	-	3,959
Directors' retirement	762	-	762	726	-	726
Other provisions	3,859	-	3,859	4,899	-	4,899
	9,528	-	9,528	9,584	-	9,584

(a) Description of provisions

Directors' retirement

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

Other provisions

Provisions have been made for the present value of the Directors' best estimates of legal settlements. Litigation is in progress against the Company relating to disputes regarding the sale of businesses and other business related matters. The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets, is not disclosed on the grounds that it can be expected to prejudice the outcome of the litigation.

19. PROVISIONS (continued)

(b) Movements in provisions

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

	31 December 2008		30 June 2008	
	Directors' Retirement $'000	Other Provisions $'000	Directors' Retirement $'000	Other Provisions $'000
Balance at beginning of the period	726	4,899	653	4,210
Additional provisions recognised	36	203	73	1,049
Payments made	-	(349)	-	(360)
Writeback of provision	-	(894)	-	-
Balance at end of the period	762	3,859	726	4,899

20. OTHER FINANCIAL LIABILITIES

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Share buy-back liabilities	18,683	-	18,683	25,125	-	25,125

A liability has been recognised in respect of an obligation by the Group to buy-back vested shares in some Perennial Group subsidiaries under certain circumstances. The directors do not expect that all the circumstances will occur for the full carrying value of these financial liabilities to crystallise and for the full amount to become payable by the Group. Due to the unpredictable nature of certain circumstances which trigger the full amount becoming payable the above liabilities have a fair value equal to the carrying value.

21. DEFERRED REVENUE LIABILITY

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Deferred revenue liability	2,911	-	2,911	4,163	-	4,163

22. INVESTMENT CONTRACT LIABILITIES

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Member liabilities - other investment contracts	-	336,425	336,425	-	471,438	471,438
Reconciliation of movements in Investment contract liabilities						
Balance at beginning of the period	-	471,438	471,438	-	519,644	519,644
Distribution to policy holders	-	(98,877)	(98,877)	-	(37,466)	(37,466)
Investment contract contributions	-	12,678	12,678	-	51,579	51,579
Investment contract withdrawals	-	(48,814)	(48,814)	-	(62,319)	(62,319)
Balance at end of the period	-	336,425	336,425	-	471,438	471,438

23. INSURANCE CONTRACT LIABILITIES

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Policyholder liabilities - investment contracts with DPF	-	476,847	476,847	-	495,050	495,050
Policy liabilities ceded under reinsurance	-	343	343	-	343	343
	-	477,190	477,190	-	495,393	495,393
Reconciliation of movements in policyholder liabilities:						
Balance at beginning of the period	-	495,393	495,393	-	534,566	534,566
Net increase in life insurance contract policy liabilities	-	2,328	2,328	-	11,168	11,168
Life insurance contract contributions	-	21,987	21,987	-	20,680	20,680
Life insurance contract withdrawals	-	(42,518)	(42,518)	-	(71,021)	(71,021)
Balance at end of the period	-	477,190	477,190	-	495,393	495,393

24. OUTSIDE INTEREST IN CONTROLLED TRUSTS

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Outside interest in controlled trusts	-	132,240	132,240	3,349	137,860	141,209

Control over the Perennial Partners Trust was lost during the period. Units within the Perennial Partners Trust were acquired in April 2008 giving the IOOF group 56.6% ownership interest in the Trust. During the period IOOF sold approximately 2 million units in this trust, taking its ownership interest to 29.4% at period end.

25. CONTRIBUTED EQUITY

		31 December 2008			30 June 2008		
	Shares	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Ordinary Shares							
Balance at beginning of the period	68,821,801	218,637	-	218,637	179,030	-	179,030
Issued during the period	-	-	-	-	38,974	-	38,974
Issued to General Staff Share Plan	-	-	-	-	326	-	326
Deferred tax benefit on equity raising costs	-	-	-	-	307	-	307
Balance at end of the period	68,821,801	218,637	-	218,637	218,637	-	218,637
Treasury Shares							
Balance at beginning of the period	(722,819)	(4,701)	-	(4,701)	(5,346)	-	(5,346)
Employee shares vested during the period (Note 26)	134,552	454	-	454	711	-	711
On-market purchase during the year	-	-	-	-	(66)	-	(66)
Balance at end of the period	(588,267)	(4,247)	-	(4,247)	(4,701)	-	(4,701)
Redeemable Converting Preference Shares							
Balance at beginning of the period	176,012	1,400	-	1,400	1,400	-	1,400
Movements during the period	-	-	-	-	-	-	-
Balance at end of the period	176,012	1,400	-	1,400	1,400	-	1,400

26. RESERVES

	31 December 2008 Shareholder $'000	Statutory $'000	Total $'000	30 June 2008 Shareholder $'000	Statutory $'000	Total $'000
Reserves						
Asset revaluation reserve	1,071	-	1,071	1,071	-	1,071
Available-for-sale investment revaluation reserve	-	-	-	(345)	-	(345)
Share-based payments reserve	5,764	-	5,764	4,714	-	4,714
	6,835	-	6,835	5,440	-	5,440
Movements:						
Asset revaluation reserve						
Balance at beginning of the period	1,071	-	1,071	1,071	-	1,071
Movements during the period	-	-	-	-	-	-
Balance at end of the period	1,071	-	1,071	1,071	-	1,071

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

	31 December 2008 Shareholder $'000	Statutory $'000	Total $'000	30 June 2008 Shareholder $'000	Statutory $'000	Total $'000
Available-for-sale investment revaluation reserve						
Balance at beginning of the year	(345)	-	(345)	-	-	-
Amount written back/(recognised) during the year	345	-	345	(345)	-	(345)
Balance at end of the year	-	-	-	(345)	-	(345)

The available-for-sale investment revaluation reserve had arisen on the change in fair value of a financial asset. The Directors believe subsequent change in the fair value of this asset constitutes a significant or represents a prolonged decline in the fair value therefore this amount has been reversed and recognised within the Income Statement.

	31 December 2008 Shareholder $'000	Statutory $'000	Total $'000	30 June 2008 Shareholder $'000	Statutory $'000	Total $'000
Share-based payments reserve						
Balance at beginning of the period	4,714	-	4,714	2,698	-	2,698
Amount recognised during the period	1,504	-	1,504	2,727	-	2,727
Shares vested during the year (Note 25)	(454)	-	(454)	(711)	-	(711)
Balance at end of the period	5,764	-	5,764	4,714	-	4,714

The share-based payments reserve is used to recognise:
- the fair value of options issued to employees but not exercised;
- the fair value of shares issued to employees; and
- the issue of shares held by the IOOF Executive Performance Share Plan Trust to employees.

	31 December 2008			30 June 2008		
	Shareholder $'000	Statutory $'000	Consolidated $'000	Shareholder $'000	Statutory $'000	Consolidated $'000

27. RETAINED PROFITS

	Shareholder $'000	Statutory $'000	Consolidated $'000	Shareholder $'000	Statutory $'000	Consolidated $'000
Retained Profits						
Balance at beginning of the period	8,977	2,101	11,078	9,808	497	10,305
Net profit attributable to equity holders of IOOF Holdings Ltd	8,905	225	9,130	21,736	1,604	23,340
Dividends paid	(10,276)	-	(10,276)	(22,567)	-	(22,567)
Balance at end of the period	7,606	2,326	9,932	8,977	2,101	11,078

28. MINORITY INTEREST

	Shareholder $'000	Statutory $'000	Consolidated $'000	Shareholder $'000	Statutory $'000	Consolidated $'000
Minority interest	669	-	669	724	-	724

29. DIVIDENDS

A final dividend of 15 cents per share franked to 100% based on a tax paid at 30% was paid on 10 October 2008 in respect of the financial year ended 30 June 2008.

30. EARNINGS PER SHARE

	31 December 2008	31 December 2007
	Cents	Cents
Basic earnings per share	13.4	8.4
Diluted earnings per share	13.2	8.3

Reconciliations of earnings used in calculating earnings per share

	$'000	$'000
Profit after income tax	9,575	7,253
Profit attributable to minority interests	(445)	(1,526)
Dividends on Redeemable Converting Preference Shares	-	(26)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	9,130	5,701
Profit impact of assumed conversions: Dividends on Redeemable Converting Preference Shares	-	26
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	9,130	5,727

Weighted average number of shares used in the calculation of earnings per share	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	68,321,764	68,023,079
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	69,168,706	68,904,929

31. 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 2008 was $702,277 (30 June 2008: $978,057).

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

32. SEGMENT INFORMATION

Business segments

	Perennial	Portfolio Solutions	Investor Solutions	Consultum Adviser Group	Statutory, Unallocated and Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2008						
Total segment revenue	30,315	51,591	16,650	14,563	50,919	164,038
Segment result / Profit before income tax	4,754	7,147	5,336	(1,010)	1,339	17,566
31 December 2007						
Total segment revenue	42,247	61,949	19,768	17,226	52,260	193,450
Segment result / Profit before income tax	10,041	13,297	7,223	(1,133)	(13,755)	15,673

Segments

Perennial	-	Management and investment of monies on behalf of corporate, superannuation, institutional clients and private individual investor clients.
Portfolio Solutions	-	Comprises a comprehensive range of investment solutions for both employers and investors. The portfolio administration system supports investment, superannuation and pension requirements with access to a diverse range of wholesale managed fund options with product and account features.
Investor Solutions	-	Comprises investment administration services for investors and advisers.
Consultum Adviser Group	-	Distribution and administration of retail funds including financial planning and back office services to dealer groups aligned to the Group.
Statutory, Unallocated and Eliminations	-	Segment revenues, expenses and results include transfers between segments, corporate unallocated costs and of consolidated Benefit Funds. Corporate unallocated costs include those of a strategic, shareholder or governance nature necessarily incurred in carrying business as a listed entity managing multiple business units.

Total segment revenues and segment results disclosures for the period ended 31 December 2007 have been restated to better reflect the current business segments of the Group and ensure comparision with current period comparatives is appropriate.

33. SUBSEQUENT EVENTS

In November 2008, IOOF Holdings Ltd and Australian Wealth Management Limited ('AWM') announced their intention to merge, with IOOF offering 1 share for every 3.73 shares of AWM. The Company and AWM announced in December 2008, satisfactory completion of the mutual confirmatory due diligence exercise associated with the proposed merger of the two companies. The proposed merger remains subject to a number of conditions including AWM shareholder approval, Court approval and regulatory approvals.

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 opinion of the directors of IOOF Holdings Ltd ('the Company'):

(a) the financial statements and notes set out on pages 5 to 32 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and

(b) there are reasonable grounds to believe that the Consolidated Entity 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.

Mr I Blair
Chairman of the Board

Mr A Robinson
Director and Chief Executive Officer

Melbourne, 10 February 2009

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

Report on the financial report

We have reviewed the accompanying interim financial report of IOOF Holdings Ltd. (the Company), which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes 2 to 33 and the directors' declaration, set out on pages 5 to 33 of the Consolidated Entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the interim financial report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of IOOF Holdings Ltd. ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

KPMG

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

M Hinchliffe

Michelle Hinchliffe
Partner

Melbourne
10 February 2009