Appendix 4D
Half year report
IOOF HOLDINGS LTD

ABN: 49 100 103 722

1. Reporting Period	**31 DECEMBER 2009**

Previous corresponding period 31 DECEMBER 2008

2. Results for announcement to the market

	$'000	**% change from previous corresponding period**
Revenue from ordinary activities	422,119	up 163%
Revenue from Shareholder activities #	315,437	up 182%
Underlying Net Profit After Tax (pre-amortisation)*	47,049	up 440%
Profit from ordinary activities after tax attributable to members	36,931	up 305%
Net profit for the period attributable to members	36,931	up 305%

31 December 2008 comparatives do not include any results of Old Mutual Australia Limited and Old Mutual Australia Holdings Pty Ltd (now known as IOOF Global One) which were acquired 6 March 2009 or Australian Wealth Management Limited ("AWM") which was acquired 30 April 2009.

	Amount per share (cents)	**Franked amount per share (cents)**
Special dividend Paid: 31 July 2009	13.0	13.0 (franked at 30%)
Final dividend for the year ended 30 June 2009 Paid: 16 October 2009	4.0	4.0 (franked at 30%)
Interim dividend for the year ended 30 June 2010 Record date: 10 March 2010 To be paid: 24 March 2010	17.0	17.0 (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) pre amortisation excludes the impact of amortisation of intangible assets, income tax benefit from acquisition accounting, profit on disposal of shares, share agreement liability revaluations and business acquisition restructuring costs (pcp: amortisation of intangible assets, investment value write downs, share agreement liability revaluations and business acquisition restructuring costs).*

Explanation of results for the half year:

The net profit for the consolidated entity ("the group") for the half year ended 31 December 2009 was $36.9 million (31 December 2008: $9.1 million). Underlying net profit after tax ("UNPAT") pre amortisation was $47.0m (31 December 2008: $8.7 million). The group includes the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The inclusion of the benefit funds has a minimal impact on the profit for the half year, but results in material offsetting increases to revenue, expenses, assets and liabilities. The impact of the benefit funds is disclosed in the statutory columns in notes to the financial statements.

In calculating its UNPAT pre amortisation of $47.0 million, the group reverses the impact on profit of certain, predominantly non cash, items to enable a better understanding of its operational result. Positive impacts arise from reversal of $8.9 million amortisation, $3.3 million liability revaluation and $2.6m in redundancy payments which is partly offset by the negative impact of reversing $2.1m income tax benefit arising from different intangible asset valuations for AWM acquisition accounting compared with the required cost base as set under tax consolidation rules, $1.7 million profit on disposal of shares and reinstating minority interest of $0.9 million. All amounts stated are net of tax where applicable.

The consolidated net profit increased as a result of the acquisitions of IOOF Global One and AWM during the half year ended 30 June 2009. These acquisitions resulted in an additional $65.0 billion in Funds Under Management, Administration, Advice and Supervision ("FUMAS") as measured at the respective acquisition dates. This has resulted in a significant increase in management fee revenue.

There have also been substantial gains in cost efficiency achieved through the additional scale of business activity and concerted cost reduction programs. The consolidated entity's operating costs as a percentage of management fees and other revenue, less commissions paid, was 60% excluding the Ord Minnett subsidiary group (31 December 2008: 80%)

The Group's FUMAS were $100.8 billion as at 31 December 2009, an increase of $4.2 billion, from $96.6 billion at 30 June 2009. This movement is primarily a result of increases in the market value of the assets underpinning FUMAS in addition to positive flows to the group's actively marketed products.

As at 30 June 2009, the accounting for the acquisitions noted above had only been provisionally determined. Acquisition accounting has now been finalised and the June 2009 comparative information in the financial statements has been updated to reflect these changes. This has resulted in recognition of an additional $290.3m of identifiable intangible assets partly offset recognition of a deferred tax liability of $8.5m at AWM acquisition date arising from different intangible asset valuations for acquisition accounting compared with the required cost base as set under tax consolidation rules. There is a corresponding net reduction in goodwill on acquisition as a result. Amortisation expense for these additional intangible assets was $8.1 million for the half year (31 December 2008: nil).

3. Net tangible assets

	31 December 2009 (cents)	31 December 2008 (cents)
Net tangible assets per share	56.0	94.3

4. Entities over which control has been gained or lost

Control over the Perennial Tactical Income Trust was lost during the period. The control was lost on 15 October 2009. IOOF and its controlled entities held 100% of the units on issue as at 30 June 2009, due to additional units being issued, this ownership interest has reduced to 28.4% as at 31 December 2009.

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 special dividend of 13.0 cents per share on 31 July 2009, amounting to $29,720,061.

On 16 October 2009 the company paid a fully franked dividend of 4.0 cents per share in respect of the financial year ended 30 June 2009, amounting to $9,149,193.

On 25 February 2010, the directors declared a fully franked interim dividend of 17.0 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2010, to be paid to shareholders on 24 March 2010. This dividend has not been included as a liability in these financial statements and will be paid to all shareholders on the Register of Members on 10 March 2010. The total estimated dividend to be paid is $39,069,722.

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	
	Current period %	Previous corresponding period %
Equity accounted associates:		
Perennial Value Management Ltd	52.4	52.4
Police & Nurses Financial Planning Pty Limited	35.0	-
J C Private Clients Pty Limited	20.0	-
Jointly controlled entities:		
Northern Inland Investment Services Pty Limited	42.2	-

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.

	Contribution to net profit	
Equity accounted associates:	Current period $'000	Previous corresponding period $'000
Perennial Value Management Ltd	3,689	2,688

8. Other

The information contained in this Appendix 4D is based on the 31 December 2009 half year consolidated condensed interim financial statements of IOOF Holdings Ltd and its subsidiaries, which have been subject to review by our external auditors. The financial statements are not subject to qualification. A copy of the financial statements is attached.

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

IOOF Holdings Ltd

ABN 49 100 103 722

Interim financial report for the half-year ended 31 December 2009

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 2009 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.

Directors' report

The directors of IOOF Holdings Limited ("IOOF") present their report together with the financial report of IOOF and its subsidiaries ("the Group") for the six months ended 31 December 2009 and the review report thereon.

The directors of IOOF during or since the end of the half year are:

Name
Mr Ian Blair (Chairman)
Mr Christopher Kelaher
Mr Ian Griffiths
Dr Roger Sexton
Ms Jane Harvey
Mr James Pfeiffer
Mr George Venardos

All directors held office during and since the end of the half year unless otherwise stated.

Review of operations
For the six months ended 31 December 2009, the consolidated Group delivered a profit after tax attributable to shareholders of $36,931,000 (2008: $9,130,000).

The consolidated net profit increased as a result of the acquisitions of Old Mutual Australia Limited, Old Mutual Australia Holdings Pty Ltd (now referred to as IOOF Global One) and Australian Wealth Management Limited during the half year ended 30 June 2009. These acquisitions resulted in an additional $65.0 billion in Funds Under Management, Administration, Advice and Supervision ("FUMAS") as measured at the respective acquisition dates. This has resulted in a significant increase in management fee revenue.

The Group's FUMAS were $100.8 billion as at 31 December 2009, an increase of $4.2 billion, from $96.6 billion at 30 June 2009. This movement is primarily a result of increases in the market value of the assets underpinning FUMAS and positive flows to the group's actively marketed products.

Basic earnings per share increased from 13.4 cents per share to 16.2 cents per share between 31 December 2008 and 31 December 2009.

Discussions with the regulator and potential acquirer of the IOOF life insurance policies continue to progress with the intention that the terms of the sale are confirmed prior to 30 June 2010.

Dividends
In respect of the half-year ended 31 December 2009, the directors declared the payment of an interim dividend of 17.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 24 March 2010. This dividend will be paid to all shareholders recorded on the Register of Members on 10 March 2010.

In respect of the financial year ended 30 June 2009, a final dividend of 4.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 16 October 2009.

A special dividend of 13.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 31 July 2009.

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

Lead auditor's independence declaration
The lead auditor's independence declaration is included on page 3 of the half year report and forms part of the directors' report for the six months ended 31 December 2009.

Rounding off of amounts
The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001.*

On behalf of the Directors

Ian Blair

Chairman

25 February 2010

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

To: the directors of IOOF Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 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

M Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

25 February 2010

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

Report on the financial report

We have reviewed the accompanying half-year financial report of IOOF Holdings Limited (the Company), which comprises the condensed consolidated balance sheet as at 31 December 2009, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory notes 1 to 26, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year 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 half-year 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 half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 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 Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

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

KPMG

KPMG

M Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

25 February 2010

DIRECTORS' DECLARATION

In the opinion of the directors of IOOF:

1. the financial statements and notes set out on pages 6 to 20, are in accordance with the Corporations Act 2001 including:
   (a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the six month period ended on that date; and
   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Ian Blair

Chairman

Melbourne

25 February 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Half-year ended 31 Dec 2009 $'000	Consolidated Half-year ended 31 Dec 2008 * $'000
Revenue	6	422,119	160,797
Share of profits of associates and jointly controlled entities accounted for using the equity method (net of income tax)		3,669	2,688
Expenses	7	(368,822)	(145,911)
Finance costs	7	(583)	(8)
Profit before income tax expense		56,383	17,566
Income tax expense	8	(17,823)	(7,991)
Profit for the period		38,560	9,575
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		8,392	345
Net change in fair value of available-for-sale financial assets transferred to profit or loss		(759)	-
Income tax on other comprehensive income		(2,502)	-
Other comprehensive income for the period, net of income tax		5,131	345
Total comprehensive income for the period		43,691	9,920
Profit attributable to:			
Owners of the Company		36,931	9,130
Non-controlling Interest		1,629	445
Profit for the period		38,560	9,575
Total comprehensive income attributable to:			
Owners of the Company		42,062	9,475
Non-controlling Interest		1,629	445
Total comprehensive income for the period		43,691	9,920
Earnings per share:			
Basic earnings per share (cents per share)		16.2	13.4
Diluted earnings per share (cents per share)		16.0	13.2

Notes to the condensed consolidated financial statements are included on pages 11 to 20.

* 31 December 2008 comparatives do not include any results of Old Mutual Australia Limited and Old Mutual Australia Holdings Pty Ltd (now referred to as IOOF Global One) which were acquired 6 March 2009 or Australian Wealth Management Limited which was acquired 30 April 2009. Where appropriate, comparatives have been reclassified to present them on a basis consistent with the current year.

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	Consolidated 31 Dec 2009 $'000	Consolidated 30 Jun 2009 * $'000
Assets			
Cash and cash equivalents	9	625,689	586,698
Receivables	10	73,516	119,711
Current tax asset	13	-	1,961
Investments accounted for using the equity method		12,148	10,317
Other financial assets	11	561,207	527,842
Property, plant and equipment		10,939	12,622
Goodwill	12	479,455	479,455
Other intangible assets	12	283,436	290,444
Deferred tax assets	13	11,753	22,501
Other	14	33,317	31,298
Total assets		2,091,460	2,082,849
Liabilities			
Payables	15	56,934	104,745
Borrowings	16	20,696	30,714
Current tax liabilities	13	7,063	-
Other financial liabilities	17	19,985	18,085
Provisions	18	42,700	47,275
Investment contract liabilities	19	422,406	359,479
Insurance contract liabilities		456,927	466,527
Outside interest in controlled trusts		149,810	143,702
Other	20	23,450	24,688
Total liabilities		1,199,971	1,195,215
Net assets		891,489	887,634
Equity			
Issued capital	23	849,843	849,609
Reserves	21	12,198	6,171
Other equity		(301)	-
Retained earnings	22	12,462	14,400
Total equity attributable to equity holders of the Company		874,202	870,180
Non-controlling interest		17,287	17,454
Total equity		891,489	887,634

Notes to the condensed consolidated financial statements are included on pages 11 to 20.

* Where appropriate, comparatives have been reclassified to present them on a basis consistent with the current year.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Attributable to equity holders of the Company									
		Ordinary shares	**Treasury shares**	**Other equity**	**Available-for-sale reserve**	**Asset revaluation reserve**	**Share-based payment reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July 2009	21,22,23	855,107	(5,498)	-	441	1,072	4,658	14,400	870,180	17,454	887,634
Total comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	36,931	36,931	1,629	38,560
Other comprehensive income											
Net change in fair value of available-for-sale financial assets, net of tax		-	-	-	5,131	-	-	-	5,131	-	5,131
Total other comprehensive income		-	-	-	5,131	-	-	-	5,131	-	5,131
Total comprehensive income for the period		-	-	-	5,131	-	-	36,931	42,062	1,629	43,691
Transactions with owners, recorded directly in equity											
Contributions by and (distributions to) owners											
Dividends to equity holders		-	-	-	-	-	-	(38,869)	(38,869)	(1,812)	(40,681)
Share-based payment expense		-	-	-	-	-	1,277	-	1,277	-	1,277
Adviser share plan share issue		234	-	-	-	-	(234)	-	-	-	-
Executive performance share plan shares vested		(970)	970	-	-	-	(147)	-	(147)	-	(147)
Total contributions by and distributions to owners		(736)	970	-	-	-	896	(38,869)	(37,739)	(1,812)	(39,551)
Changes in ownership interests in subsidiaries that do not result in a loss of control											
Acquisition of non-controlling interest *		-	-	(301)	-	-	-	-	(301)	16	(285)
Total changes in ownership interests in subsidiaries		-	-	(301)	-	-	-	-	(301)	16	(285)
Total transactions with owners		(736)	970	(301)	-	-	896	(38,869)	(38,040)	(1,796)	(39,836)
Balance at 31 December 2009	21,22,23	854,371	(4,528)	(301)	5,572	1,072	5,554	12,462	874,202	17,287	891,489

* The Group has applied AASB 127 (2008) for the acquisition of non-controlling interests. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions, movements are recorded in other equity.

Notes to the condensed consolidated financial statements are included on pages 11 to 20.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company									
	Share capital	**Treasury shares**	**Other equity**	**Available-for-sale reserve**	**Asset revaluation reserve**	**Share-based payment reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance at 1 July 2008 *	220,037	(4,701)	-	(345)	1,071	4,714	11,078	231,854	724	232,578
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	9,130	9,130	445	9,575
Other comprehensive income										
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	345	-	-	-	345	-	345
Total other comprehensive income	-	-	-	345	-	-	-	345	-	345
Total comprehensive income for the period	-	-	-	345	-	-	9,130	9,475	445	9,920
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holders	-	-	-	-	-	-	(10,272)	(10,272)	(500)	(10,772)
Share-based payment expense	-	-	-	-	-	1,500	-	1,500	-	1,500
Executive performance share plan shares vested	-	454	-	-	-	(454)	-	-	-	-
Total contributions by and distributions to owners	-	454	-	-	-	1,046	(10,272)	(8,772)	(500)	(9,272)
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	454	-	-	-	1,046	(10,272)	(8,772)	(500)	(9,272)
Balance at 31 December 2008	220,037	(4,247)	-	-	1,071	5,760	9,936	232,557	669	233,226

Notes to the condensed consolidated financial statements are included on pages 11 to 20.

* 31 December 2008 comparatives do not include any results of Old Mutual Australia Limited and Old Mutual Australia Holdings Pty Ltd (now referred to as IOOF Global One) which were acquired 6 March 2009 or Australian Wealth Management Limited which was acquired 30 April 2009.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	Half-year ended	
	31 Dec 2009 $'000	31 Dec 2008 * $'000
Cash flows from operating activities		
Receipts from customers	316,872	130,043
Contributions proceeds	55,622	83,730
Payments to suppliers and employees	(275,486)	(138,855)
Interest and other costs of finance paid	(620)	(8)
Dividends and distributions received	18,936	47,318
Interest received	9,630	12,290
Withdrawal payments	(83,469)	(149,460)
Net proceeds/(payments) from sales or purchases of financial assets	51,624	(288)
Other income received	-	1,034
Income taxes paid	(648)	(15,148)
Net cash provided by/(used in) operating activities	92,461	(29,344)
Cash flows from investing activities		
Net stockbroking purchases	2,405	-
Payments for property, plant and equipment	(1,083)	(491)
Proceeds on disposal of property, plant and equipment	36	-
Amounts advanced to other entities	(146)	-
Payment for purchase of shares in controlled entities	(2,091)	(1,831)
Payments for intangible assets	(1,290)	(164)
Dividends received from associates	-	1,906
Loans made to policyholders - benefit funds	-	(532)
Proceeds from/(advances to) loans made to policyholders - benefit funds	(31)	2,158
Interest received on loans made to directors and executives of controlled entities	187	179
Proceeds on disposal of subsidiaries	201	-
Additional interest acquired in associates & jointly controlled entities	(660)	-
Net cash provided by/(used in) investing activities	(2,472)	1,225
Cash flows from financing activities		
Repayment of borrowings	(10,018)	-
Dividends paid:		
- members of the parent entity	(38,869)	(10,276)
- non-controlling members of subsidiary entities	(2,112)	(500)
- shareholders entitled to contractual share buy-back	-	(973)
Net cash provided by/(used in) financing activities	(50,999)	(11,749)
Net increase/(decrease) in cash and cash equivalents	38,990	(39,868)
Cash and cash equivalents at the beginning of the financial year	586,699	583,444
Cash and cash equivalents at the end of the financial year	625,689	543,576

Notes to the condensed consolidated financial statements are included on pages 11 to 20.

* 31 December 2008 comparatives do not include any results of Old Mutual Australia Limited and Old Mutual Australia Holdings Pty Ltd (now referred to as IOOF Global One) which were acquired 6 March 2009 or Australian Wealth Management Limited which was acquired 30 April 2009.

1 General information

IOOF is a public company listed on the Australian Stock Exchange (trading under the symbol 'IFL'), incorporated and operating in Australia.

IOOF's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
Level 29	Level 29
303 Collins Street	303 Collins Street
MELBOURNE VIC 3000	MELBOURNE VIC 3000

The Group's principal activities are the provision of wealth management services.

2 Significant accounting policies

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* They do not include all notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 February 2010.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, with the exception of narrative disclosures which are shown in whole dollars, or as otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009, with the exception of the below changes in accounting policies.

(a) Change in accounting policy

(i) Accounting for business combinations

The Group has adopted revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no impact on earnings per share.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Share-based payment awards

When share-based payment awards which are exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If the payment of these awards requires future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as a post-combination compensation cost.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(a) Change in accounting policy (continued)

(ii) Accounting for acquisitions of non-controlling interests

The Group has adopted AASB 3 *Business Combinations* (2008) and AASB 127 *Consolidated and Separate Financial Statements* (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 July 2009.

The Group has applied AASB 127 (2008) for the acquisition of non-controlling interests. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

(iii) Determination and presentation of operating segments

As of 1 July 2009, the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments* (2008). Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, cash, head office expenses, income tax assets and liabilities and other immaterial segments which in aggregate produce less than 10% of the Group's consolidated revenues.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(iv) Presentation of financial statements

The Group applies revised AASB 101 *Presentation of Financial Statement* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the condensed consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the condensed consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3 Estimates

The preparation of interim 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 those estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ending 30 June 2009.

4 Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

5 Segment information

The following is an analysis of the revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

Segment revenues

	External revenue		Inter-segment*(i)*		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Platform management and administration	175,634	51,038	-	-	175,634	51,038
Investment management	67,780	46,965	817	-	68,597	46,965
Financial advice and distribution	61,397	14,563	30,151	-	91,548	14,563
Trustee and private client	10,678	-	-	-	10,678	-
Total of all segments					346,457	112,566
Statutory, corporate and unallocated					110,299	50,919
Eliminations					(30,968)	-
Consolidated					425,788	163,485

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

Segment profit before income tax

	2009 $'000	2008 $'000
Platform management and administration	35,571	7,147
Investment management	16,450	10,090
Financial advice and distribution	5,548	(1,010)
Trustee and private client	4,153	-
Total of all segments	61,722	16,227
Statutory, corporate and unallocated	(5,339)	1,339
Profit before income tax expense	56,383	17,566
Income tax expense	(17,823)	(7,991)
Profit for the period	38,560	9,575

Segments

The Group is organised into the following business segments by product and service type:

Financial Advice and Distribution

The provision of financial planning advice supported by services such as investment research, training, compliance support and access to financial products.

Platform Management and Administration

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

Investment Management

The management and investment of monies on behalf of corporate, superannuation, institutional clients and private individual investor clients. Investment management segment includes revenue and results of Perennial Group, which was previously disclosed by management as separate segment.

Trustee and Private Client

The provision of estate planning, trustee, custodial, agency and estate administration services to clients.

Statutory, Corporate Unallocated and Inter Segment 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 on business as a listed entity managing multiple business units.

	Half-year ended 31 December 2009			Half-year ended 31 December 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
6 Revenue						
Fee and commission revenue	278,804	2,269	281,073	109,899	2,373	112,272
Life insurance revenue	-	317	317	-	967	967
Other fee revenue	162	-	162	6	-	6
Interest revenue	2,488	7,906	10,394	1,693	10,779	12,472
Dividends received	915	57	972	-	336	336
Distributions received	70	11,364	11,434	199	12,414	12,613
Fair value gains on other financial assets at fair value through profit or loss	663	76,481	77,144	-	-	-
Deposits received - investment contracts with DPF	-	8,287	8,287	-	21,987	21,987
Stockbroking revenue	26,992	-	26,992	-	-	-
Other revenue	5,687	1	5,688	392	1	393
	315,781	106,682	422,463	112,189	48,857	161,046
Elimination of interest revenue received from consolidated statutory funds			(340)			(96)
Elimination of distributions received from consolidated statutory funds			(4)			(153)
			422,119			160,797
7 Expenses						
<u>Commissions and other direct costs</u>						
Commission expense	130,462	7,233	137,695	50,430	7,567	57,997
Fund related expenditure	5,528	21	5,549	1,532	38	1,570
	135,990	7,254	143,244	51,962	7,605	59,567
<u>Operating expenditure</u>						
Salaries and related employee expenses	71,551	-	71,551	33,105	-	33,105
Information technology costs	13,542	-	13,542	2,669	-	2,669
Professional fees	2,910	-	2,910	2,039	-	2,039
Marketing	2,669	-	2,669	1,525	-	1,525
Office support	8,600	-	8,600	3,152	-	3,152
Occupancy related expenses	7,112	-	7,112	2,208	-	2,208
Travel and entertainment	2,558	-	2,558	2,182	-	2,182
	108,942	-	108,942	46,880	-	46,880
Share based payments expense	1,277	-	1,277	1,758	-	1,758
Redundancy costs	3,653	-	3,653	315	-	315
Depreciation of property, plant and equipment	2,717	-	2,717	794	-	794
Amortisation of intangible assets	8,971	-	8,971	848	-	848
Available-for-sale financial asset impairment	-	-	-	3,485	-	3,485
Fair value losses on other financial assets at fair value through profit or loss	-	-	-	1,106	108,333	109,439
Loss on disposal of non-current assets	39	-	39	-	-	-
Revaluation of shareholder liabilities	3,333	-	3,333	(4,746)	-	(4,746)
Diminuition of deferred acquisition costs	831	-	831	1,086	-	1,086
Benefits and withdrawals paid	-	29,545	29,545	-	42,519	42,519
DPF policy holder liabilty decrease	-	(21,258)	(21,258)	-	(18,203)	(18,203)
Termination bonuses	-	58	58	-	91	91
Distribution to policyholders	-	87,234	87,234	-	(98,721)	(98,721)
Other expenses	59	-	59	-	1	1
	20,880	95,579	116,459	4,646	34,020	38,666
Elimination of distributions paid to corporates from benefit funds	-	-	(4)	-	-	(153)
	20,880	95,579	116,455	4,646	34,020	38,513

	Half-year ended 31 December 2009			Half-year ended 31 December 2008		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
7 Expenses (continued)						
Life insurance operating expenses						
Outward reinsurance expense	-	181	181	-	188	188
Policy payments/claims	-	-	-	-	701	701
Operating expenses	-	-	-	-	62	62
	-	181	181	-	951	951
Total expenses excluding finance costs	265,812	103,014	368,822	103,488	42,576	145,911
Finance costs						
Interest - non-related entities	583	-	583	8	-	8
Interest - related entities	-	340	340	-	96	96
	583	340	923	8	96	104
Elimination of interest received from consolidated statutory funds			(340)			(96)
			583			8
8 Income tax expense						
Income tax expense	14,572	3,251	17,823	1,782	6,209	7,991

	Half-year ended 31 December 2009			Year ended 30 June 2009		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
9 Cash and cash equivalents						
Cash at bank	125,790	11,537	137,327	131,946	6,660	138,606
Unlisted unit trusts	184	488,362	488,546	176	448,092	448,268
	125,974	499,899	625,873	132,122	454,752	586,874
Elimination of investments in consolidated statutory funds			(184)			(176)
			625,689			586,698
10 Receivables						
Receivables	59,949	13,478	73,427	105,879	13,767	119,646
Provision for impairment of receivables	(163)	-	(163)	(187)	-	(187)
Policies ceded under reinsurance	-	252	252	-	252	252
	59,786	13,730	73,516	105,692	14,019	119,711
11 Other financial assets						
Fair value through profit or loss						
Certificates of deposit and bank bills	-	160,450	160,450	-	150,690	150,690
Debt securities	-	190,976	190,976	-	200,809	200,809
Shares in listed companies	-	3,412	3,412	-	2,780	2,780
Unlisted unit trusts	11,158	155,157	166,315	10,445	130,243	140,688
	11,158	509,995	521,153	10,445	484,522	494,967
Elimination of seed capital investment in consolidated statutory funds			(7,153)			(7,153)
			514,000			487,814
Available-for-sale investments	27,712	-	27,712	20,715	-	20,715
Loans and other receivables						
Regulatory deposits	68	-	68	68	-	68
Loans to directors and executives (i)	9,184	-	9,184	9,014	-	9,014
Loans to Policyholders	-	9,807	9,807	-	9,694	9,694
Mortgages	106	329	435	116	414	530
Other investments	1	-	1	7	-	7
	9,359	10,136	19,495	9,205	10,108	19,313
	48,229	520,131	561,207	40,365	494,630	527,842

11 Other financial assets (continued)

Shareholder sale of Macarthur Cook Investment

On 10 July 2009, IOOF received $1,483,500 as consideration for the sale of its investment interest in MacarthurCook ('MCK'). This sale followed the off-market take over offer by AIMS Securities Holdings Pty Ltd for all the ordinary shares of MCK. A profit of $1,000,500 for IOOF Shareholders was recognised as a result of the transaction.

(i) Loans to directors and executives

Loans to directors of controlled entities

The loans referred to above relate to amounts advanced to the Directors of controlled entities, Mr A Patterson, Mr A Mulcahy, Mr L Mickelburough and Mr R MacDougall. The amounts were advanced by Perennial Investment Partners Limited to Directors for the specific purpose of assisting them to acquire an equity interest in subsidiaries of IOOF or in the case of Mr A Patterson another related party, Perennial Value Management Limited. The parties to the loans are permitted to discharge the loans by transferring the shares acquired in the respective entities to the lender. The unsecured interest bearing loans were made on commercial terms and conditions.

The loans advanced in 2004 to Mr A Patterson for the amount of $925,650 were renegotiated during the 2008 financial year and became an interest free loan effective from 1 July 2007 as part of his employment arrangement. All other terms and conditions remain unchanged.

Loans to directors of associates

The Director of an associate entity who received the loans referred to above was Mr J Murray. The amounts were advanced by Perennial Investment Partners Limited and IOOF Investment Management Ltd for the specific purpose of assisting him to acquire an equity interest in another related party, Perennial Value Management Limited. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender. The unsecured interest bearing loans were made on commercial terms and conditions.

The loans advanced in 2004 to Mr Murray for the amount of $779,380 were renegotiated during the 2008 financial year and became an interest free loan effective from 1 July 2007 as part of his employment arrangement. All other terms and conditions remain unchanged.

12 Goodwill and other intangible assets

	Half-year ended 31 December 2009			Year ended 30 June 2009 (revised)		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
Goodwill	484,064	-	484,064	484,064	-	484,064
Accumulated impairment	(4,609)	-	(4,609)	(4,609)	-	(4,609)
Net carrying value of goodwill	479,455	-	479,455	479,455	-	479,455
Adviser relationships	4,289	-	4,289	4,289	-	4,289
Accumulated amortisation	(3,158)	-	(3,158)	(2,729)	-	(2,729)
	1,131	-	1,131	1,560	-	1,560
Computer software and infrastructure projects	13,976	-	13,976	13,818	-	13,818
Accumulated amortisation	(8,371)	-	(8,371)	(7,550)	-	(7,550)
	5,605	-	5,605	6,268	-	6,268
Customer relationships	255,139	-	255,139	253,334	-	253,334
Accumulated amortisation	(9,235)	-	(9,235)	(2,400)	-	(2,400)
	245,904	-	245,904	250,934	-	250,934
Brand names	22,786	-	22,786	22,786	-	22,786
Accumulated amortisation	(534)	-	(534)	(133)	-	(133)
	22,252	-	22,252	22,653	-	22,653
Contract agreements	9,191	-	9,191	9,191	-	9,191
Accumulated amortisation	(647)	-	(647)	(162)	-	(162)
	8,544	-	8,544	9,029	-	9,029
Net carrying value of other intangible assets	283,436	-	283,436	290,444	-	290,444

Revised of 30 June 2009 provisional balances

As at 30 June 2009, the acquisition accounting of IOOF Global One and Australian Wealth Management had only been provisionally determined. The acquisition accounting has now been finalised and the comparative information in the financial statements has been updated to reflect these changes, inclusive of amortisation that would have been recorded in the comparative period had the acquisition accounting been completed before the release of the 30 June 2009 Annual Report.

A reconciliation of the 30 June 2009 provisional balances reported and the revised amounts is shown below.

12 Goodwill and other intangible assets (continued)

	Goodwill	Adviser relationships	Computer software	Customer relationships	Brand names	Contract agreements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount reported in the 30 June 2009 Annual Report	751,404	1,560	1,424	-	-	-	754,388
Acquisition costs	162	-	-	-	-	-	162
Recognition of non-controlling interest of identifiable intangibles	9,636	-	-	-	-	-	9,636
Value of identifiable intangible assets	(290,273)	-	4,962	253,334	22,786	9,191	-
Recognition of deferred tax liability on identified intangible assets	8,526	-	-	-	-	-	8,526
Additional amortisation expense	-	-	(118)	(2,400)	(133)	(162)	(2,813)
Revised balance as at 30 Jun 2009	479,455	1,560	6,268	250,934	22,653	9,029	769,899

The goodwill and other intangible assets recognised on acquisition of each of the subsidiaries are disclosed below.

IOOF Global One and Intech

On 6 March 2009 the Group acquired all of the shares in both IOOF Global One and Intech businesses operating in Australia. These companies provide managed investments, personal and corporate superannuation and pension products, specialist capital markets research, investment manager research and portfolio management services.

On 30 June 2009 the Group sold its interest in Intech Pty Ltd and its subsidiaries Intech Fiduciaries Ltd and Intech Research Pty Ltd.

Australian Wealth Management Limited

On 30 April 2009, IOOF acquired all the shares of Australian Wealth Management Limited through a Scheme of Arrangement effected by the issue of one IOOF Holdings Ltd share for every 3.73 shares held in Australian Wealth Management Limited.

2009	IOOF Global One			Australian Wealth Management Ltd		
Net identifiable assets acquired	Book value $'000	Fair value adjustment $'000	Fair value on acquisition $'000	Book value $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Assets:						
Cash & cash equivalents	15,597	-	15,597	70,977	-	70,977
Receivables	6,098	59	6,157	98,499	-	98,499
Current tax receivable	-	-	-	2,044	-	2,044
Other financial assets	87	-	87	25,428	-	25,428
Investments accounted for using the equity method	-	-	-	1,820	-	1,820
Deferred tax assets	9,251	(6,948)	2,303	12,450	-	12,450
Property, plant and equipment	2,573	-	2,573	8,280	-	8,280
Other assets	16,657	-	16,657	8,877	-	8,877
Identifiable intangible assets	-	8,046	8,046	192,453	89,774	282,227
Liabilities:						
Payables	(8,532)	-	(8,532)	(86,154)	-	(86,154)
Borrowings	-	-	-	(30,535)	-	(30,535)
Provisions	(2,805)	(901)	(3,706)	(22,919)	-	(22,919)
Deferred tax liabilities	-		-	(5,380)	(8,526)	(13,906)
Other financial liabilities	-	-	-	(1,692)	-	(1,692)
Other liabilities	(16,510)	-	(16,510)	(7,213)	-	(7,213)
Non-controlling interest:	-	-	-	(6,589)	(9,636)	(16,225)
	22,416	256	22,672	260,346	71,612	331,958
Goodwill on acquisition *			9,934			306,067
Total consideration			32,606			638,025
Consideration comprised:						
Cash			32,606			3,140
Shares issued			-			634,885
			32,606			638,025

* Goodwill on acquisition of IOOF Global One and Intech includes $1,500,000 in relation to Intech Pty Ltd and its subsidiaries Intech Fiduciaries Ltd and Intech Research Pty Ltd which were disposed on 30 June 2009.

	Half-year ended 31 December 2009			Year ended 30 June 2009		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
13 Tax assets and liabilities						
Current tax asset/(liability)	(7,063)	-	(7,063)	1,961	-	1,961
Deferred tax asset	24,976	8,896	33,872	34,112	6,601	40,713
Deferred tax liabilities	(19,184)	(2,935)	(22,119)	(18,144)	(68)	(18,212)
Net deferred tax asset	5,792	5,961	11,753	15,968	6,533	22,501
14 Other assets						
Prepayments	10,302	-	10,302	6,212	-	6,212
Deferred acquisition costs	23,015	-	23,015	25,086	-	25,086
	33,317	-	33,317	31,298	-	31,298
15 Payables						
Accounts payable	37,025	2,569	39,594	85,765	1,722	87,487
Accrued expenses	13,472	34	13,506	13,846	26	13,872
Goods and service tax payable/(recoverable)	3,847	(13)	3,834	3,410	(24)	3,386
	54,344	2,590	56,934	103,021	1,724	104,745
16 Borrowings						
Cash Advance Facility drawn - Commonwealth Bank of Australia	20,500	-	20,500	30,500	-	30,500
Finance Lease Liabilities	196	-	196	214	-	214
	20,696	-	20,696	30,714	-	30,714

Repayment of debt

During the period, IOOF repaid $10,000,000 of the Cash Advance Facility advanced by the Commonwealth Bank of Australia. The total Cash Advance Facility used as at 31 December 2009 is $20,500,000. The total Cash Advance facilities available to the Group are $50,000,000.

	Half-year ended 31 December 2009			Year ended 30 June 2009		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
17 Other financial liabilities						
Deferred purchase consideration	566	-	566	1,699	-	1,699
Share buy-back liability	19,419	-	19,419	16,386	-	16,386
	19,985	-	19,985	18,085	-	18,085
18 Provisions						
Employee entitlements	34,410	-	34,410	36,610	-	36,610
Directors' retirement	581	-	581	594	-	594
Surplus lease	654	-	654	1,724	-	1,724
Restructuring	2,787	-	2,787	3,455	-	3,455
Other provisions	4,268	-	4,268	4,892	-	4,892
	42,700	-	42,700	47,275	-	47,275
19 Investment contract liabilities						
Investment contract liabilities - non-related entities	-	429,743	429,743	-	366,808	366,808
Elimination of corporate investments in consolidated statutory funds	-	-	(7,337)	-	-	(7,329)
	-	429,743	422,406	-	366,808	359,479

	Half-year ended 31 December 2009			Year ended 30 June 2009		
	Shareholder $'000	Statutory $'000	Total $'000	Shareholder $'000	Statutory $'000	Total $'000
20 Other liabilities						
Deferred revenue liability	21,811	-	21,811	23,394	-	23,394
Lease incentives	1,639	-	1,639	1,294	-	1,294
	23,450	-	23,450	24,688	-	24,688
21 Reserves						
Asset revaluation reserve	1,072	-	1,072	1,072	-	1,072
Available-for-sale investment revaluation reserve	5,572	-	5,572	441	-	441
Share-based payments reserve	5,554	-	5,554	4,658	-	4,658
	12,198	-	12,198	6,171	-	6,171
22 Retained earnings						
Opening retained earnings	11,908	2,492	14,400	8,977	2,101	11,078
Net profit attributable to equity holders of IOOF Holdings Ltd	36,853	78	36,931	15,456	391	15,847
Dividends paid	(38,869)	-	(38,869)	(10,272)	-	(10,272)
Forfeiture of Redeemable Converting Preference Shares during the year	-	-	-	137	-	137
Closing retained earnings	9,892	2,570	12,462	14,298	2,492	16,790
Revised retained earnings						
Additional amortisation expense (refer note 12)				(2,813)	-	(2,813)
Other adjustments				(398)	-	(398)
Tax effect of amortisation expense				720	-	720
Non-controlling interest on amortisation				101	-	101
				11,908	2,492	14,400
23 Issued capital						
Ordinary shares	854,371	-	854,371	855,107	-	855,107
Treasury shares	(4,528)	-	(4,528)	(5,498)	-	(5,498)
	849,843	-	849,843	849,609	-	849,609

Treasury shares

Treasury shares are shares bought or transferred to the IOOF Executive Performance Share Plan Trust in respect of the employee share scheme. The Executive Performance Share Trust is controlled by the IOOF Group and is therefore consolidated. The Executive Performance Share Trust holds 261,901 shares as at 31 December 2009.

Australian Wealth Management Ltd ('AWM') held 1,460,632 shares in IOOF Holdings Ltd immediately prior to the merger of the Groups. This holding has been reduced to 884,341 shares as at 31 December 2009.

The total number of Treasury Shares held by the Group as at 31 December 2009 is 1,146,242 shares.

Issuances, repayments and repurchases of equity securities

During the period, IOOF transferred a total of 245,612 shares held within the IOOF Executive Performance Share Plan Trust to employees of the Group on satisfaction of vesting conditions (2008: 134,552). The transfer of shares to employees reduced the number of Treasury Shares held by the Group.

IOOF issued 27,500 ordinary shares (2008: nil) for no consideration to advisers in accordance with the Adviser Equity Participation Program.

Upon approval by Shareholders at the Annual General Meeting (AGM), 675,000 share options over ordinary shares were issued to Mr Robinson, former CEO (2008: nil) during the half-year reporting period. These options had a fair value at grant date of $0.31 (2008: n/a).

During the period the Board determined that Mr Kelaher (Managing Director) would be entitled to participate in a Short Term Incentive (STI) program offering a maximum annual reward opportunity of $660,000. IOOF Shareholder approval was received at the AGM for 50% of the final STI to be deferred into deferred shares. The number of Deferred Shares granted to Mr Kelaher will be determined on the basis of the Short Term Incentive (STI) deferral amount divided by the five day Volume Weighted Average Price up to and including the last day of the performance period. There is no consideration payable for the grant of the deferred shares. Of the deferred shares, 50% are to vest after 12 months following the STI cash payment and the remaining 50% are to vest 24 months following the short term incentive cash payment.

23 Issued capital (continued)

At the AGM, Shareholders approved the following allocation of performance rights and options to Mr Kelaher:

Performance rights	Vesting conditions	Number of rights	Right fair value	Vesting date
Tranche 1	Total shareholder return & return on equity	75,000	2.62	27-Nov-12
Tranche 2	Total shareholder return & return on equity	37,500	2.45	27-Nov-13
Tranche 3	Total shareholder return & return on equity	37,500	2.29	27-Nov-14
		150,000		

Options	Vesting conditions	Number of options expected	Option fair value	Vesting date
Tranche 1	Earnings per share & return on equity	158,312	1.53	27-Nov-12
Tranche 2	Earnings per share & return on equity	79,156	1.61	27-Nov-13
Tranche 3	Earnings per share & return on equity	79,156	1.64	27-Nov-14
		316,624		

Performance Rights vesting conditions

In respect of the Performance Rights granted to Mr Kelaher, Shareholders have determined that the performance hurdles will be based on IOOF's Total Shareholder Return (TSR) relative to a comparator group comprising the ASX200 index companies subject to the achievement of a minimum average Return on Equity (RoE) of greater than 5.5% per annum over the performance period. TSR measures the return to the shareholder over the performance period in terms of changes in the market value of the shares plus the value of the dividends paid on the shares.

The percentage of Performance Rights that will vest at the end of the three year performance period each year will be determined by reference to the level of TSR performance of IOOF over the vesting period compared with the performance of the comparator group.

Performance Rights that do not vest will lapse and will not be retested. Consistent with IOOF's hedging policy, Mr Kelaher is prohibited from entering into hedging arrangements in respect of unvested Performance Rights.

Upon exercise of the Performance Rights, shares will be allocated to Mr Kelaher. The board has the discretion to either purchase shares on market or to issue new shares.

Options vesting conditions

Shareholders have determined that the performance hurdle will be based on growth in Earnings per Share (EPS) and minimum average RoE of 5.5% per annum over the performance period.

The EPS target will be compound growth of 10% per annum in each of financial year 2010-2011 and 2011-2012 (from a base point the final actual EPS figure for financial year 2009-2010) and for financial year 2009-2010, a minimum of 26 cents per share must be achieved.

EPS for the purposes of the hurdle will be calculated on the basis of post-merger purchase price allocation Underlying Net Profit After Tax divided by shares on issue

24 Dividends

	Half-year ended 31 December 2009		Half-year ended 31 December 2008	
	Cents per share	Total $'000	Cents per share	Total $'000
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Special Dividend	13.0	29,720	-	-
Final Dividend	4.0	9,149	15.0	10,272
	17.0	38,869	15.0	10,272
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim Dividend	17.0	39,070	-	-

25 Subsequent events

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

26 Contingencies and commitments

There have been no significant changes in contingent liabilities or contingent assets since the consolidated financial report as at and for the year ended 30 June 2009.