

Appendix 4D
Half-year report
IOOF HOLDINGS LTD

ABN 49 100 103 722

1. Reporting Period	31 December 2010
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Previous reporting period

31 December 2009

2. Results for announcement to market
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	\$'000	% change from previous corresponding period
Revenue from ordinary activities	379,164	down 10%
Revenue from Shareholder activities ⁽¹⁾	324,464	up 3%
Underlying Net Profit After Tax (pre-amortisation) ⁽²⁾	54,647	up 16%
Profit from ordinary activities after tax attributable to members	46,219	up 25%
Net profit for the period attributable to members	46,219	up 25%

	Amount per share (cents)	Franked amount per share (cents)
Final dividend for the year ended 30 June 2010 Paid: 13 October 2010	18.0	18.0
Interim dividend for the year ended 30 June 2011 Record date: 9 March 2011 To be paid: 23 March 2011	21.0	21.0

⁽¹⁾ Revenue from Shareholder activities excludes those revenues attributable to the activities of the consolidated benefit funds of IOOF Ltd.

⁽²⁾ Underlying Net Profit After Tax (UNPAT) pre amortisation excludes the impact of amortisation of intangible assets, income tax benefit from acquisition accounting, profit on transfer of life policies, share agreement liability revaluations and restructuring costs (pcp: amortisation of intangible assets, income tax benefit from acquisition accounting, profit on disposal of shares, share agreement liability revaluations and restructuring costs).

IOOF Holdings Ltd - Appendix 4D for the half-year ended 31 December 2010

The net profit attributable to members of the Company for the half-year ended 31 December 2010 was \$46.2 million (31 December 2009: \$36.9 million). Underlying net profit after tax ("UNPAT") pre amortisation was \$54.6 million (31 December 2009: \$47.1 million).

The improved result derived principally from additional revenues on a larger FUMAS base augmented by greater service efficiency and lower costs. The Group's FUMAS were \$102.7 billion as at 31 December 2010, an increase of \$3.6 billion, from \$99.1 billion at 30 June 2010. 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.

In calculating its UNPAT pre amortisation of \$54.6 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 \$9.0 million amortisation, \$2.7 million liability revaluation and \$0.7 million in redundancy payments which is partly offset by the negative impact of reversing \$2.0 million income tax benefit arising from different intangible asset valuations for Australian Wealth Management Ltd acquisition accounting compared with the required cost base as set under tax consolidation rules, \$0.2 million profit on transfer of life policies and reinstating non-controlling interests of \$1.8 million. All amounts stated are net of tax where applicable.

There have also been gains in cost efficiency achieved through the additional scale of business activity and concerted cost reduction programs. The Group's operating costs as a percentage of management & service fees and other revenue, less service fees paid, was 51% excluding the Ord Minnett subsidiary group (31 December 2009: 56%).

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.

3. Net tangible assets

	31 December 2010 (cents)	31 December 2009 (cents)
Net tangible assets per share	60.3	56.0

4. Entities over which control has been gained or lost

Control over the Perennial Cash Trust was lost during the period. The control was lost on 4 November 2010. The Group held 55.2% of the units on issue as at 30 June 2010. Due to additional units being issued, this ownership interest has reduced to 29.4% as at 31 December 2010.

Control over the Perennial Growth High Conviction Shares Trust was gained during the period. The control was gained on 15 September 2010. The Group held 47.7% of the units on issue as at 30 June 2010, due to additional units being acquired by the benefit funds, this ownership interest has increased to 66.4% as at 31 December 2010.

IOOF Holdings Ltd - Appendix 4D for the half-year ended 31 December 2010

5. Dividends

	Amount	Cents per share	% Franked
Final dividend for the year ended 30 June 2010	41,436	18.0	100%
Interim dividend for the year ended 30 June 2011	48,481	21.0	100%
Record date for determining entitlements to dividends	9 March 2011		
Date for payment of interim dividend	23 March 2011		

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	
	Current period %	Previous corresponding period %	Current period \$'000	Previous corresponding period \$'000
Equity accounted associates				
Perennial Value Management Ltd *	52.4	52.4	4,128	3,689
Other associates			46	(20)
			4,174	3,669

* 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 *Consolidated and Separate Financial Statements*.

8. Other

The information contained in this Appendix 4D is based on the 31 December 2010 half-year condensed consolidated 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 2010

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

Note	Contents	Page Number
Condensed consolidated interim financial statements		
	Directors' Report	2
	Directors' Declaration	3
	Lead Auditor's Independence Declaration	4
	Independent Auditor's Review Report to the Members	5
	Condensed Consolidated Statement of Comprehensive Income	7
	Condensed Consolidated Statement of Financial Position	8
	Condensed Consolidated Statement of Changes in Equity	9
	Condensed Consolidated Statement of Cash Flows	11
Notes to the consolidated interim financial statements		
1	Reporting entity	12
2	Statement of compliance	12
3	Significant accounting policies	12
4	Estimates	12
5	Financial risk management	12
6	Operating segments	13
7	Revenue	14
8	Expenses	15
9	Finance costs	16
10	Income tax expense	16
11	Cash and cash equivalents	16
12	Receivables	16
13	Other financial assets	17
14	Other assets	18
15	Investments accounted for using the equity method	18
16	Goodwill	18
17	Other intangible assets	19
18	Tax assets and liabilities	19
19	Payables	19
20	Borrowings	20
21	Provisions	20
22	Other liabilities	20
23	Insurance contract liabilities	20
24	Investment contract liabilities	20
25	Non-controlling interests in controlled trusts	20
26	Share capital	21
27	Reserves	23
28	Retained earnings	24
29	Dividends	24
30	Subsequent events	24
31	Contingencies and commitments	24

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 2010 and any public announcements made by IOOF Holdings Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

Directors' report

The Directors of IOOF Holdings Ltd (the "Company") present their report together with the financial report of the Company and its subsidiaries ("the Group") for the six months ended 31 December 2010 and the review report thereon.

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

Name

Mr Ian Blair (Chairman)
Mr Christopher Kelaher (Managing Director)
Mr Ian Griffiths
Ms Jane Harvey
Mr James Pfeiffer
Dr Roger Sexton
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 2010, the Group delivered a profit after tax attributable to shareholders of \$46,219,000 (2009: \$36,931,000).

The Group's FUMAS were \$102.7 billion as at 31 December 2010, an increase of \$3.6 billion, from \$99.1 billion at 30 June 2010. 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.

There have also been gains in cost efficiency achieved through the additional scale of business activity and concerted cost reduction programs.

Basic earnings per share increased from 16.2 cents per share to 20.1 cents per share between 31 December 2009 and 31 December 2010.

Dividends

In respect of the half-year ended 31 December 2010, on 24 February 2011 the directors declared the payment of an interim dividend of 21.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 23 March 2011. This dividend will be paid to all shareholders recorded on the Register of Members on 9 March 2011.

In respect of the financial year ended 30 June 2010, a final dividend of 18.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 13 October 2010.

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 4 of the half year report and forms part of the directors' report for the six months ended 31 December 2010.

Rounding off of amounts

The company is a company of the 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 are rounded off to the nearest thousand dollars, narrative disclosures are expressed in whole dollars or as 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

24 February 2011

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

1. the financial statements and notes set out on pages 7 to 24, 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 2010 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

24 February 2011



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 2010 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 audit/review.

KPMG

KPMG

Michelle Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

24 February 2011



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 which comprises the condensed consolidated statement of financial position as at 31 December 2010, 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, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information 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 interim period.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2010 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 2010 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*.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink, which appears to read 'Michelle Hinchliffe'.

Michelle Hinchliffe
Partner

Melbourne

24 February 2011

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Note	Consolidated	
		Half-year ended	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
Revenue	7	379,164	422,119
Expenses	8	(305,570)	(368,822)
Share of profits of associates and jointly controlled entities accounted for using the equity method		4,174	3,669
Finance costs	9	(433)	(583)
Profit before income tax expense		77,335	56,383
Income tax expense	10	(30,410)	(17,823)
Profit for the period		46,925	38,560
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		3,715	8,392
Net change in fair value of available-for-sale financial assets transferred to profit or loss		-	(759)
Income tax on other comprehensive income		(1,115)	(2,502)
Other comprehensive income for the period, net of income tax		2,600	5,131
Total comprehensive income for the period		49,525	43,691
Profit attributable to:			
Owners of the Company		46,219	36,931
Non-controlling Interest		706	1,629
Profit for the period		46,925	38,560
Total comprehensive income attributable to:			
Owners of the Company		48,819	42,062
Non-controlling Interest		706	1,629
Total comprehensive income for the period		49,525	43,691
Earnings per share:			
Basic earnings per share (cents per share)		20.1	16.2
Diluted earnings per share (cents per share)		19.9	16.0

The condensed consolidated statement of comprehensive income includes the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The impact of the benefit funds is disclosed in the statutory columns in notes to the financial statements.

Notes to the condensed consolidated financial statements are included on pages 12 to 24.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	Consolidated	
		31 Dec 2010 \$'000	30 Jun 2010 \$'000
Assets			
Cash and cash equivalents	11	153,561	145,682
Receivables	12	85,750	91,446
Other financial assets	13	986,704	1,015,156
Other assets	14	28,301	27,808
Investments accounted for using the equity method	15	11,450	12,891
Plant and equipment		10,225	8,165
Goodwill	16	491,856	491,856
Other intangible assets	17	267,709	276,694
Deferred tax assets	18	15,927	25,292
Total assets		2,051,483	2,094,990
Liabilities			
Payables	19	53,613	59,605
Borrowings	20	10,059	14,628
Current tax liabilities		21,362	23,093
Share buy-back liability		37,222	37,357
Provisions	21	44,171	45,588
Other liabilities	22	19,056	20,998
Insurance contract liabilities	23	433,145	447,370
Investment contract liabilities	24	420,778	403,100
Non-controlling interests in controlled trusts	25	113,382	156,297
Total liabilities		1,152,788	1,208,036
Net assets		898,695	886,954
Equity			
Share capital	26	862,113	858,178
Reserves	27	8,870	5,800
Retained earnings	28	11,235	6,459
Total equity attributable to equity holders of the Company		882,218	870,437
Non-controlling interest		16,477	16,517
Total equity		898,695	886,954

The condensed consolidated statement of financial position includes the benefit funds of IOOF Ltd, a subsidiary of IOOF Holdings Ltd. The impact of the benefit funds is disclosed in the statutory columns in notes to the financial statements.

Notes to the condensed consolidated financial statements are included on pages 12 to 24.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

		Attributable to equity holders of the Company								
Note	Ordinary shares	Treasury shares	Business combinations reserve	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 2010	858,181	(3)	(301)	1,751	1,072	3,278	6,459	870,437	16,517	886,954
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	46,219	46,219	706	46,925
<i>Other comprehensive income</i>										
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	2,600	-	-	-	2,600	-	2,600
Total other comprehensive income	-	-	-	2,600	-	-	-	2,600	-	2,600
Total comprehensive income for the period	-	-	-	2,600	-	-	46,219	48,819	706	49,525
Transactions with owners, recorded directly in equity										
<i>Contributions by and (distributions to) owners</i>										
Dividends to equity holders	-	-	-	-	-	-	(41,443)	(41,443)	(746)	(42,189)
Share-based payment expense	-	-	-	-	-	1,521	-	1,521	-	1,521
Adviser performance rights vesting during the period	453	-	-	-	-	(453)	-	-	-	-
Issue of shares on exercise of options under executive and employee share option plan	3,573	-	-	-	-	(268)	-	3,305	-	3,305
On-market purchase of treasury shares transferred to employees during the year	(421)	-	-	-	-	-	-	(421)	-	(421)
Executive performance share plan shares vested	330	-	-	-	-	(330)	-	-	-	-
Treasury shares transferred to employees during the year	(3)	3	-	-	-	-	-	-	-	-
Total transactions with owners	3,932	3	-	-	-	470	(41,443)	(37,038)	(746)	(37,784)
Balance at 31 December 2010	862,113	-	(301)	4,351	1,072	3,748	11,235	882,218	16,477	898,695

Notes to the condensed consolidated financial statements are included on pages 12 to 24.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

Note	Attributable to equity holders of the Company									Total equity \$'000	
	Share capital	Treasury shares	Business combinations reserve	Available-for-sale reserve	Asset revaluation reserve	Share-based payment reserve	Retained earnings	Total	Non-controlling interest		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Opening balance at 1 July 2009	26,27,28	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
<i>Other comprehensive income</i>											
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											
<i>Contributions by and (distributions to) owners</i>											
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)
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>											
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	26,27,28	854,371	(4,528)	(301)	5,572	1,072	5,554	12,462	874,202	17,287	891,489

Notes to the condensed consolidated financial statements are included on pages 12 to 24.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Consolidated	
	Half-year ended	
	31 Dec 2010	31 Dec 2009
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	313,156	316,872
Payments to suppliers and employees	(257,442)	(275,486)
Interest and other costs of finance paid	(433)	(620)
Net stockbroking purchases	(833)	2,405
Dividends received from associates	6,776	-
Income taxes paid	(23,896)	(648)
Dividends and distributions received - statutory	12,462	17,955
Interest received - statutory	322	2,113
Payments for withdrawal from benefit funds - statutory	(67,578)	(83,469)
Net proceeds/(payments) from sales or purchases of financial assets - statutory	38,920	18,872
Proceeds from contributions to benefit funds - statutory	34,387	55,622
Net cash provided by/(used in) operating activities	55,841	53,616
Cash flows from investing activities		
Dividends and distributions received - shareholder	1,162	981
Interest received - shareholder	3,307	-
Net proceeds/(payments) from sales or purchases of financial assets - shareholder	(1,020)	-
Amounts advanced to other entities	(241)	(146)
Payments for property, plant and equipment	(4,118)	(1,083)
Proceeds on disposal of property, plant and equipment	73	36
Payment for purchase of shares in controlled entities	-	(2,091)
Payments for intangible assets	-	(1,290)
Proceeds on sale of life policies	175	-
Proceeds from/(advances to) loans made to policyholders - statutory	-	(31)
Interest received on loans made to directors and executives of controlled entities	-	187
Proceeds on disposal of shares in controlled entities	-	201
Additional interest acquired in associates & jointly controlled entities	(580)	(660)
Net cash provided by/(used in) investing activities	(1,242)	(3,896)
Cash flows from financing activities		
Repayment of borrowings	(4,569)	(10,018)
Proceeds from issues of equity securities on exercise of options	3,298	-
Purchase of treasury shares transferred to employees	(421)	-
Dividends paid:		
- members of the Company	(41,444)	(38,869)
- non-controlling members of subsidiary entities	(747)	(2,112)
- shareholders entitled to contractual share buy-back	(2,837)	-
Net cash provided by/(used in) financing activities	(46,720)	(50,999)
Net increase/(decrease) in cash and cash equivalents	7,879	(1,279)
Cash and cash equivalents at the beginning of the financial year	145,682	138,606
Cash and cash equivalents at the end of the financial year	153,561	137,327

Notes to the condensed consolidated financial statements are included on pages 12 to 24.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

1 Reporting entity

IOOF Holdings Ltd (the Company) is a public company listed on the Australian Stock Exchange (trading under the symbol 'IFL'), domiciled in Australia. The condensed consolidated interim financial statements of the Company as at 31 December 2010 comprise the Company and its controlled entities (together referred to as the Group) and the Group's interests in associates.

The consolidated financial statements of the Group as at and for the year ended 30 June 2010 are available upon request from the Company's registered office or at www.ioof.com.au

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

Registered office	Principal place of business
Level 6	Level 6
161 Collins Street	161 Collins Street
MELBOURNE VIC 3000	MELBOURNE VIC 3000

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

2 Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2010.

The company is a company of the 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 are rounded off to the nearest thousand dollars, narrative disclosures are expressed in whole dollars or as otherwise indicated.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 February 2011.

3 Significant accounting policies

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 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 annual financial report for the financial year ended 30 June 2010.

4 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 these 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 2010.

Directors would also like to draw attention to the continuing uncertain tax position below.

Uncertain Tax Position

Tax Laws Amendment (2010 Measures No. 1) Bill 2010, received Royal Assent on 3 June 2010. The Act contains a number of amendments to the tax consolidation regime that deal with the recognition of tax cost setting amounts in the income tax law. A new section (s 716-405) may provide a specific tax deduction for the tax cost setting amount on assets that qualify as rights to future income assets acquired upon an entity joining a tax consolidated group. Given the uncertainty of how these new provisions may apply, the Company has sought a private ruling to confirm its entitlement to these tax deductions. The tax effect is considered uncertain until receipt of that ruling.

5 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 2010.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

6 Operating segments

The Group has five reportable segments, as described below, four of which are the Group's strategic business units. The Group's chief operating decision maker is the Group Managing Director. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The principal products and services of each of these strategic business units are as follows:

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 the Perennial Group.

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.

Trustee and private client

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

Statutory

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.

Corporate and Unallocated

Corporate and 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.

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Platform management and administration	179,394	175,634	-	-	179,394	175,634
Investment management (ii)	71,265	67,780	155	344	71,420	68,124
Financial advice and distribution (ii)	62,695	61,397	34,180	29,276	96,875	90,673
Trustee and private client	10,487	10,678	-	-	10,487	10,678
Statutory	54,855	106,683	-	-	54,855	106,683
Total of all segments					413,031	451,792
Corporate and unallocated					4,642	3,616
Eliminations					(34,335)	(29,620)
Consolidated					383,338	425,788

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

(ii) Investment management and financial advice and distribution revenues include share of profits of associates and jointly controlled entities accounted for using the equity method of \$4,128,000 and \$46,000 respectively.

Segment profit before income tax

	2010 \$'000	2009* \$'000
Platform management and administration	43,926	35,987
Investment management	26,103	20,301
Financial advice and distribution	4,020	5,758
Trustee and private client	2,840	4,171
Statutory (iii)	12,520	3,333
Total of all segments	89,409	69,550
Corporate and unallocated	(12,074)	(13,167)
Profit before income tax expense	77,335	56,383
Income tax expense	(30,410)	(17,823)
Profit for the period	46,925	38,560

(iii) Statutory segment profit after application of income tax expense is reduced to \$11,000.

* Prior period comparatives have been restated to present amounts on a basis consistent with the current period.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Half-year ended 31 December 2009		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
7 Revenue						
<u>Management and Service Fees revenue</u>	279,544	-	279,544	269,963	2,269	272,232
<u>Life insurance revenue</u>						
Direct insurance premiums	-	66	66	-	317	317
Insurance claims recovered	-	452	452	-	-	-
Decrease in policyholder liabilities	-	69	69	-	-	-
	-	587	587	-	317	317
<u>Stockbroking revenue</u>	30,148	-	30,148	31,914	-	31,914
<u>Other fee revenue</u>	7,696	16	7,712	7,376	-	7,376
<u>Finance income</u>						
Interest income on loans to directors of controlled and associated entities	364	-	364	254	-	254
Interest income from non-related entities	3,716	520	4,236	2,234	389	2,623
Dividends and distributions received	1,150	16,333	17,483	985	11,421	12,406
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	388	27,312	27,700	663	83,998	84,661
Profit on sale of financial assets	374	-	374	1,105	-	1,105
	5,992	44,165	50,157	5,241	95,808	101,049
<u>Other revenue</u>						
Contributions received - investment contracts with DPF	-	7,801	7,801	-	8,287	8,287
Service revenue charged to related parties	1,064	-	1,064	1,253	-	1,253
Other	20	2,286	2,306	34	1	35
	1,084	10,087	11,171	1,287	8,288	9,575
Total revenue before eliminations	324,464	54,855	379,319	315,781	106,682	422,463
Elimination of interest revenue received from consolidated statutory funds			(155)			(340)
Elimination of distributions received from consolidated statutory funds			-			(4)
Total revenue			379,164			422,119

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Half-year ended 31 December 2009		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
8 Expenses						
<u>Service Fees and Other Direct Costs</u>						
Service and marketing fees expense	135,852	7,693	143,545	126,882	7,233	134,115
Other direct costs	4,361	36	4,397	5,528	21	5,549
	140,213	7,729	147,942	132,410	7,254	139,664
<u>Operating expenditure</u>						
Salaries and related employee expenses	61,206	-	61,206	66,748	-	66,748
Employee defined contribution plan expense	4,507	-	4,507	4,803	-	4,803
Information technology costs	15,121	-	15,121	13,542	-	13,542
Professional fees	2,613	-	2,613	2,910	-	2,910
Marketing	2,998	-	2,998	2,669	-	2,669
Office support and administration	7,107	-	7,107	8,600	-	8,600
Occupancy related expenses	5,931	-	5,931	7,112	-	7,112
Travel and entertainment	2,679	-	2,679	2,558	-	2,558
Other	44	-	44	59	-	59
	102,206	-	102,206	109,001	-	109,001
<u>Life insurance operating expenses</u>						
Outward reinsurance expense	-	55	55	-	181	181
Policy payments/claims	594	-	594	-	-	-
	594	55	649	-	181	181
<u>Other expenses</u>						
Share-based payments expense	1,521	-	1,521	1,277	-	1,277
Termination payments	868	-	868	3,653	-	3,653
Retention incentive payments	138	-	138	-	-	-
Depreciation of property and equipment	1,936	-	1,936	2,717	-	2,717
Amortisation of intangible assets	9,008	-	9,008	8,971	-	8,971
Loss on disposal of non-current assets	27	-	27	39	-	39
Revaluation of shareholder liabilities	2,702	-	2,702	3,333	-	3,333
Amortisation of deferred acquisition costs	4,177	-	4,177	4,411	-	4,411
Investment contracts with DPF:						
Benefits and withdrawals paid	-	29,714	29,714	-	29,545	29,545
DPF policyholder liability decrease	-	(13,903)	(13,903)	-	(21,258)	(21,258)
Termination bonuses - benefit funds	-	74	74	-	58	58
Distribution to policyholders	-	18,511	18,511	-	87,234	87,234
	20,377	34,396	54,773	24,401	95,579	119,980
Elimination of distributions paid from consolidated statutory funds			-			(4)
Total expenses before finance costs	263,390	42,180	305,570	265,812	103,014	368,822

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Half-year ended 31 December 2009		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
9 Finance costs						
Interest	433	155	588	583	340	923
	433	155	588	583	340	923
Elimination of interest received from consolidated statutory funds			(155)			(340)
			433			583

10 Income tax expense						
Income tax expense	17,879	12,531	30,410	14,572	3,251	17,823
	17,879	12,531	30,410	14,572	3,251	17,823

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
11 Cash and cash equivalents						
Cash at bank	129,654	23,907	153,561	132,780	12,902	145,682
	129,654	23,907	153,561	132,780	12,902	145,682

Statutory unlisted unit trust investments were reclassified during the period from cash equivalents to other financial assets. The comparative balance at 30 June 2010 of \$472,489,000 was reclassified accordingly.

12 Receivables						
Receivables	36,332	1,722	38,054	35,623	10,321	45,944
Provision for impairment of receivables	(50)	-	(50)	(30)	-	(30)
Policies ceded under reinsurance	-	-	-	-	252	252
Interest receivable - related parties	86	-	86	186	-	186
Dividends and distributions receivable	-	11,160	11,160	-	11,498	11,498
Security bond	5,000	-	5,000	5,000	-	5,000
Insurance contract asset	5,038	7	5,045	-	7	7
Other debtors	382	-	382	936	-	936
Stockbroking debtors	1,398	-	1,398	3,245	-	3,245
Accrued income	24,270	-	24,270	22,708	1,739	24,447
GST receivable	382	23	405	-	-	-
	72,838	12,912	85,750	67,668	23,817	91,485
Elimination of benefit fund receivables from corporate entities			-			(39)
			85,750			91,446

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
13 Other financial assets						
<u>Available-for-sale investments</u>	26,895	-	26,895	23,179	-	23,179
<u>Fair value through profit or loss (i)</u>						
Certificates of deposit and bank bills	2,768	58,989	61,757	2,708	169,970	172,678
Debt securities	-	161,233	161,233	-	176,938	176,938
Shares in listed companies	-	19,001	19,001	143	3,246	3,389
Unlisted unit trusts	5,357	689,706	695,063	3,628	615,888	619,516
	8,125	928,929	937,054	6,479	966,042	972,521
<u>Loans and other receivables</u>						
Loans to directors and executives (ii)	10,006	-	10,006	9,165	-	9,165
Loans to policyholders	-	9,782	9,782	-	9,994	9,994
Seed capital receivable	7,153	-	7,153	7,153	-	7,153
Mortgages	-	170	170	-	268	268
Receivables from statutory benefit funds and other related parties	4,089	(71)	4,018	1,723	-	1,723
Other	64	-	64	55	-	55
	21,312	9,881	31,193	18,096	10,262	28,358
Elimination of shareholder seed capital investment in consolidated statutory benefit funds			(7,153)			(7,153)
Elimination of amounts payable to/receivable from statutory benefit funds			(1,285)			(1,749)
	56,332	938,810	986,704	47,754	976,304	1,015,156

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

The benefit funds of IOOF Ltd have holdings in the above financial assets that are held for trading and are accounted for at fair value through profit or loss. These assets are required to be reflected in the above consolidated disclosures. 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 profit for the period and the equity of the Group in respect of these investments.

(ii) 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 Mickelbrough and Mr R MacDougall. The amounts were advanced by Perennial Investment Partners Ltd to Directors for the specific purpose of assisting them to acquire an equity interest in subsidiaries of the Company or in the case of Mr A Patterson another related party, Perennial Value Management Ltd. The parties to the loans are permitted to discharge the loans by transferring the shares acquired in the respective entities to the lender.

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 Ltd and IOOF Investment Management Ltd for the specific purpose of assisting him to acquire an equity interest in another related party, Perennial Value Management Ltd. The parties to the loans are permitted to discharge the loans by transferring the shares to the lender.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder	Statutory	Total	Shareholder	Statutory	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
14 Other assets						
Prepayments	10,392	-	10,392	7,442	-	7,442
Deferred acquisition costs	17,909	-	17,909	20,366	-	20,366
	28,301	-	28,301	27,808	-	27,808

15 Investments accounted for using the equity method						
Investment in associated companies	11,450	-	11,450	12,891	-	12,891
	11,450	-	11,450	12,891	-	12,891

Name of entity	Principal activity	Country of incorporation	Ownership interest	
			31-Dec-10	30-Jun-10
			%	%
Associates				
Perennial Value Management Ltd (i)	Investment management	Australia	52.4	52.4
Police & Nurses Financial Planning Pty Ltd	Financial planning	Australia	35.0	35.0
Northern Inland Investment Services Pty Ltd	Financial planning	Australia	42.2	42.2
J C Private Clients Pty Ltd	Financial planning	Australia	20.0	20.0
Allords Financial Services Pty Ltd	Financial planning	Australia	40.0	40.0
Police Credit Union Ltd	Financial planning	Australia	40.0	40.0
Kiewa Street Planners Pty Ltd	Financial planning	Australia	40.0	-

(i) At 31 December 2010, Perennial Investment Partners Ltd (a wholly-owned subsidiary of the Company) had a 52.4% (30 June 2010: 52.4%) shareholding interest in Perennial Value Management Ltd with a 42.4% (30 June 2010: 42.4%) dividend entitlement to the profits of Perennial Value Management Ltd. Due to the voting rights associated with different classes of shares in Perennial Value Management Ltd, this ownership interest does not result in control. However, Perennial Investment Partners Ltd can significantly influence Perennial Value Management Ltd under the terms of the agreement between these entities.

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder	Statutory	Total	Shareholder	Statutory	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
16 Goodwill						
Cost	496,464	-	496,464	496,464	-	496,464
Accumulated impairment	(4,608)	-	(4,608)	(4,608)	-	(4,608)
Net carrying value of goodwill	491,856	-	491,856	491,856	-	491,856

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
17 Other intangible assets						
Cost	307,218	-	307,218	307,195	-	307,195
Accumulated amortisation	(39,509)	-	(39,509)	(30,501)	-	(30,501)
Net carrying value of other intangible assets	267,709	-	267,709	276,694	-	276,694
Adviser relationships	6,355	-	6,355	6,379	-	6,379
Accumulated amortisation	(4,316)	-	(4,316)	(3,689)	-	(3,689)
	2,039	-	2,039	2,690	-	2,690
Computer software and infrastructure projects	13,738	-	13,738	13,691	-	13,691
Accumulated amortisation	(9,335)	-	(9,335)	(8,675)	-	(8,675)
	4,403	-	4,403	5,016	-	5,016
Customer relationships	255,148	-	255,148	255,148	-	255,148
Accumulated amortisation	(22,906)	-	(22,906)	(16,070)	-	(16,070)
	232,242	-	232,242	239,078	-	239,078
Brand names	22,786	-	22,786	22,786	-	22,786
Accumulated amortisation	(1,334)	-	(1,334)	(934)	-	(934)
	21,452	-	21,452	21,852	-	21,852
Contract agreements	9,191	-	9,191	9,191	-	9,191
Accumulated amortisation	(1,618)	-	(1,618)	(1,133)	-	(1,133)
	7,573	-	7,573	8,058	-	8,058
Net carrying value of other intangible assets	267,709	-	267,709	276,694	-	276,694
18 Tax assets and liabilities						
Current tax liability	21,362	-	21,362	23,093	-	23,093
Deferred tax asset	21,887	6,856	28,743	24,801	14,643	39,444
Deferred tax liabilities	(12,816)	-	(12,816)	(14,144)	(8)	(14,152)
Net deferred tax asset	9,071	6,856	15,927	10,657	14,635	25,292
19 Payables						
Accounts payable	27,713	8,026	35,739	29,246	12,978	42,224
Income received in advance	1,482	-	1,482	2,439	-	2,439
Seed capital liability	-	7,153	7,153	-	7,153	7,153
Accrued expenses	13,748	-	13,748	13,141	30	13,171
Goods and service tax payable/(recoverable)	3,929	-	3,929	3,573	(14)	3,559
	46,872	15,179	62,051	48,399	20,147	68,546
Elimination of corporate seed capital investment in statutory benefit funds			(7,153)			(7,153)
Elimination of corporate payables to benefit funds			(1,285)			(1,788)
			53,613			59,605

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
20 Borrowings						
Cash Advance Facility drawn - Commonwealth Bank of Australia	10,000	-	10,000	14,500	-	14,500
Finance lease liabilities	59	-	59	128	-	128
	10,059	-	10,059	14,628	-	14,628

Repayment of debt

During the period, the Group repaid \$4,500,000 of the Working Capital Facility advanced by the Commonwealth Bank of Australia.

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
21 Provisions						
Employee entitlements	32,724	-	32,724	38,080	-	38,080
Directors' retirement	628	-	628	594	-	594
Onerous contracts	2,046	-	2,046	3,082	-	3,082
Restructuring	640	-	640	998	-	998
Other	8,133	-	8,133	2,834	-	2,834
	44,171	-	44,171	45,588	-	45,588
22 Other liabilities						
Deferred revenue liability	17,508	-	17,508	19,516	-	19,516
Lease incentives	1,548	-	1,548	1,482	-	1,482
	19,056	-	19,056	20,998	-	20,998
23 Insurance contract liabilities						
Policyholder liabilities - investment contracts with DPF	-	433,145	433,145	-	447,048	447,048
Policy liabilities ceded under reinsurance	-	-	-	-	322	322
	-	433,145	433,145	-	447,370	447,370
24 Investment contract liabilities						
Investment contract liabilities	-	420,778	420,778	-	403,100	403,100
25 Non-controlling interests in controlled trusts						
Non-controlling interests in controlled trusts	-	113,382	113,382	-	156,297	156,297

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
26 Share capital						
Ordinary shares	862,113	-	862,113	858,181	-	858,181
Treasury shares	-	-	-	(3)	-	(3)
	862,113	-	862,113	858,178	-	858,178

	Half-year ended 31 December 2010		Year ended 30 June 2010	
	No. '000	\$'000	No. '000	\$'000
Ordinary shares				
On issue at the start of the period	230,156	858,181	229,795	855,106
Adviser performance rights vested during the year	46	453	27	234
Issue of shares on exercise of options under executive and employee share option plan	661	3,305	334	1,670
Employee performance rights vested during the year	-	330	-	3,053
Treasury shares transferred to employees during the year	-	(3)		
Transfer from employee equity-settled benefits reserve on exercise of options	-	268	-	120
On-market purchase of treasury shares transferred to employees during the year	-	(421)	-	(2,002)
On issue at the end of the period	230,863	862,113	230,156	858,181

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 Group and is therefore consolidated. The Executive Performance Share Trust holds no shares as at 31 December 2010 (30 June 2010: 1,064).

Issuances, repayments and repurchases of equity securities

Issuance of ordinary shares

During the half-year, 661,068 ordinary shares were issued as a result of the exercise of vested options (year ended 30 June 2010: 334,584) issued under the Group's Option Plan. Options were exercised at an average price of \$4.99 per option. All issued shares are fully paid.

Additionally, 46,180 ordinary shares (30 June 2010: 27,500) were issued as a result of vesting of performance rights issued in 2007 to Consultum advisers with the highest Funds Under Advice on grant date. Vesting of the performance rights were subject to remaining a Consultum adviser throughout the performance period. In accordance with the Adviser Equity Participation Program the ordinary shares were issued for nil consideration (2009: nil).

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

26 Share capital (continued)

Issuances, repayments and repurchases of equity securities (continued)

Issuance of performance rights and options

During the half-year, a total of 2,450,000 options and 160,000 performance rights were issued to key management personnel and other members of senior management for nil consideration (2009: 316,624 options and 150,000 performance rights). The weighted average exercise price for the options issued is \$6.31. The vesting of all issuances is subject to continuing employment. Further details on the exercise price, performance related vesting conditions and fair value are disclosed below.

Performance Rights Series - Recipient	Performance related vesting conditions	Number of rights	Fair value	Vesting date	Expiry date
2010-6 Managing Director	Total shareholder return & return on equity	75,000	3.63	23-Nov-13	23-Nov-16
2010-6 Managing Director	Total shareholder return & return on equity	37,500	3.47	23-Nov-14	23-Nov-16
2010-6 Managing Director	Total shareholder return & return on equity	37,500	3.30	23-Nov-15	23-Nov-16
2010-1 Senior Management	Nil	1,250	5.84	31-Jul-10	31-Jul-15
2010-1 Senior Management	Nil	1,250	5.84	31-Jul-11	31-Jul-15
2010-1 Senior Management	Nil	1,250	5.84	31-Jul-12	31-Jul-15
2010-1 Senior Management	Nil	1,250	5.84	31-Jul-13	31-Jul-15
2010-1 Senior Management	FUM target & earnings per share ⁽¹⁾	5,000	5.84	30-Jun-13	31-Jul-15
		160,000			

Options Series - Recipient	Performance related vesting conditions	Number of options	Exercise price	Fair value	Vesting date
2010-5 Managing Director	Earnings per share & return on equity	150,000	6.93	2.250	23-Nov-13
2010-5 Managing Director	Earnings per share & return on equity	75,000	6.93	2.450	23-Nov-14
2010-5 Managing Director	Earnings per share & return on equity	75,000	6.93	2.580	23-Nov-15
2010-2 Senior Management	Nil	18,750	7.40	1.268	31-Jul-10
2010-2 Senior Management	Nil	18,750	7.40	1.268	31-Jul-11
2010-2 Senior Management	Nil	18,750	7.40	1.268	31-Jul-12
2010-2 Senior Management	Nil	18,750	7.40	1.268	31-Jul-13
2010-2 Senior Management	FUM target & earnings per share ⁽¹⁾	75,000	7.40	1.268	30-Jun-13
2010-4 Senior Management	Nil	2,000,000	6.14	2.517	01-Jul-13
		2,450,000			

⁽¹⁾ 50% of the rights and 50% of the options vest subject to achievement of the Perennial Group's three year FUM forecast and 50% based on the achievement of a compounding Group cash earnings per share in excess of 10% each year over the performance period.

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

26 Share capital (continued)

Issuances, repayments and repurchases of equity securities (continued)

Managing Director - Performance Rights vesting conditions

Shareholders have approved that this element of the plan will not activate unless a minimum average ROE of 5.5% per annum over the performance period has been achieved. The performance hurdle for the vesting of performance rights will be based on the Company's Total Shareholder Return (TSR) relative to a comparator group comprising the ASX200 index companies. 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 will be determined by reference to the level of TSR performance of the Company over the vesting period compared with the performance of the comparator group as follows:

Relative TSR performance	% of performance shares vesting
At or above 75 th percentile	100%
At or above median	50%
Between median and 75 th percentile	Progressive vesting on a straight line basis, such that 2% of LTI awards vest for each 1% ranking increase from 50 th percentile.
Below median	0%

Performance rights that do not vest will lapse and will not be retested. Consistent with the Group'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 for no consideration. The board has the discretion to either purchase shares on market or to issue new shares.

Managing Director - Options vesting conditions

Shareholders have approved that this element of the plan will not activate unless a minimum average ROE of 5.5% per annum over the performance period has been achieved. The performance hurdle for vesting of the options is a pre-determined target growth in Earnings per Share (EPS) over the performance period. The EPS target will be compound growth of 10% per annum in each financial year 2011-12 and 2012-13 (from a base point of 34 cents per share, being the final actual EPS figure for financial year 2009-10).

EPS for the purposes of the hurdle will be calculated on the basis of post-merger purchase price allocation Underlying Net Profit After Tax, inclusive of amortisation, divided by shares on issue. The exercise period for the options commences from vesting date and will expire 23 November 2016, being the fifth anniversary of the grant date.

27 Reserves

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
Asset revaluation reserve	1,072	-	1,072	1,072	-	1,072
Available-for-sale investment revaluation reserve	4,352	-	4,352	1,751	-	1,751
Business combinations reserve	(301)	-	(301)	(301)	-	(301)
Share-based payments reserve	3,747	-	3,747	3,278	-	3,278
	8,870	-	8,870	5,800	-	5,800

IOOF HOLDINGS LTD
Interim financial report for the half-year ended 31 December 2010

	Half-year ended 31 December 2010			Year ended 30 June 2010		
	Shareholder \$'000	Statutory \$'000	Total \$'000	Shareholder \$'000	Statutory \$'000	Total \$'000
28 Retained earnings						
Opening retained earnings	6,112	1,814	7,926	14,227	1,643	15,870
Profit on treasury shares sold on-market	-	-	-	1,494	-	1,494
Net profit attributable to equity holders of IOOF Holdings Ltd	46,233	(14)	46,219	68,232	171	68,403
Reversal of historical elimination of statutory and shareholder inter-entity transactions	-	(1,467)	(1,467)	-	-	-
Distributions paid	333	(333)	-	-	-	-
Dividends paid	(41,443)	-	(41,443)	(77,841)	-	(77,841)
Closing retained earnings	11,235	-	11,235	6,112	1,814	7,926
Elimination of accumulated profit from statutory and shareholder inter-entity transactions			-			(1,467)
			11,235			6,459

29 Dividends

The following dividends were declared and paid by the Company:

	Half-year ended 31 December 2010		Half-year ended 31 December 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Special Dividend	-	-	13.0	29,720
Final Dividend	18.0	41,436	4.0	9,149
	18.0	41,436	17.0	38,869
Unrecognised amounts				
Fully paid ordinary shares				
Interim Dividend	21.0	48,481	17.0	39,070

In respect of the half-year ended 31 December 2010, on 24 February 2011 the directors declared the payment of an interim dividend of 21.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 23 March 2011. This dividend will be paid to all shareholders recorded on the Register of Members on 9 March 2011.

30 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.

31 Contingencies and commitments

During the period the Group transferred its life policies to Tower Australia Ltd (Tower). The transfer agreement specified that the Group warrant certain information. The Group is required to indemnify Tower for any liabilities, actions, proceedings, claims, costs, demands and expenses arising out of a breach of these warranties. There are no claims arising, nor have any matters been brought to the Group's attention, in relation the indemnity provided.

Other contingent liabilities exist in relation to claims and/or possible claims 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 Group 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. 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 2010.