Appendix 4D
Interim Financial Report
IOOF HOLDINGS LTD

ABN 49 100 103 722

1. Reporting Period	**31 December 2014**

Previous reporting period	31 December 2013

2. Results for announcement to market

	$'000	% change from previous corresponding period
Revenue from Shareholder activities [1]	458,486	up 24%
Life statutory revenue	36,033	down 21%
Profit from ordinary activities after tax attributable to owners of the Company	65,961	up 37%
Underlying Net Profit After Tax (UNPAT) [2]	80,578	up 39%

		Amount per share (cents)	Franked amount per share (cents)
Final dividend for the year ended 30 June 2014			
Paid:	15 October 2014	25.0	25.0
Interim dividend for the year ended 30 June 2015			
Record date:	18 March 2015		
To be paid:	10 April 2015	25.0	25.0

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

[2] UNPAT pre-amortisation excludes the impact of amortisation of intangible assets, income tax benefit from acquisition accounting, deferred tax recognition and unwind on intangible assets, acquisition and divestment transaction costs, termination and retention incentive payments, gain on disposal of intangible assets and reinstates Perennial non-controlling interests.

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	2014 $'000	2013 $'000
Profit attributable to Owners of the Company	**65,961**	**48,181**
Underlying net profit after tax (UNPAT) adjustments:		
Reverse the impact of:		
Amortisation of intangible assets	12,300	12,152
Acquisition and divestment transaction costs	5,733	-
Termination and retention incentive payments	2,666	1,518
Gain on disposal of intangible assets	(530)	-
Unwind of deferred tax liability recorded on intangible assets	(2,757)	(2,758)
Reinstatement of Perennial non-controlling interests	(551)	(638)
Income tax attributable	(2,244)	(455)
UNPAT	**80,578**	**58,000**

The IOOF Group services the needs of financial advisers and their clients through appropriately licensed and regulated entities. The pool of investable funds emanates predominantly from superannuation which has been supported by Australia's mandatory contributions regime since the early 1990s. Competition for service offerings to superannuants and investors (fund members) in the Australian market place is currently drawn from five main fund types with the following differentiating features:

Retail - privately operated trusts and other schemes. The majority of funds are channelled to administration services and investment management products through financial advisers. However, technological development is enabling an increasing range of offerings direct to fund members.
Industry Funds - superannuation entities which historically have provided for employees working in the same union, industry or group of related industries. Many industry funds now offer membership to members of the public. Industry funds generally administer these funds, but may outsource the management of investments.
Self Managed - the fund member acts as trustee for his or her pool of funds, which can include funds from a limited number of other family members and associates. These funds are predominantly utilised where the trustee perceives they have the requisite time and expertise to manage their own investment strategy and a sufficient scale of funds to make the fixed administration costs economically justifiable.
Corporate - funds established for the benefit of employees of a particular entity or a group of related entities, with joint member and employer control.
Public Sector - funds which provide benefits largely for government employees or employees of statutory authorities, or are schemes established by a Commonwealth, State or Territory law.

Self Managed Funds are regulated by the Australian Taxation Office (ATO) whereas all others above are regulated by the Australian Prudential Regulatory Authority (APRA).
The IOOF Group administers and manages Retail funds. Australian Superannuation assets totalled $1.87 trillion at the end of the September 2014 quarter. Over the 12 months to September 2014 there was a 9.6 per cent increase in total superannuation assets. When last measured at 30 June 2013, retail providers had a market share of approximately 26%. Our market share of that sub-set, as represented by our platform administration segment's Funds Under Administration, was approximately 6%. There is a high degree of competition between the five fund types and fragmentation and competition among the participants within each fund type.
The IOOF Group operates in the Wealth Management sector. The sector has a substantial and growing pool of funds underpinned by government compulsion and both major political parties have policy positions to lift mandatory contribution rates. The attraction of the sector is further enhanced by high regulatory and technological barriers to entry from new competitors. As an incumbent participant, we seek to grow our Funds Under Management, Administration, Advice and Supervision (FUMAS) at a rate which exceeds those of our competitors. In doing so, the portion of our revenue net of direct costs (gross margin) which is levied on asset balances may reasonably be expected to rise proportionately with FUMAS. This proportionate rise may be affected by the impact of differentiated product pricing and competitive pressure on management fee rates. In conjunction, we seek to leverage a cost base which is largely fixed relative to the scale of our FUMAS.

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The IOOF Group's future FUMAS growth will be underpinned by organic and acquisition initiatives. Organic growth will be advanced through:
● increasing brand and product awareness to increase revenue;
● enhancing the adviser and fund member experience through continued technology development and experienced knowledgeable support staff;
● establishing skilled teams and robust analytical processes to enhance the prospect of achieving above benchmark performance in investment management; and
● continuous improvement in process efficiency to minimise operating costs.

IOOF also has a long-term strategy of pursuing growth through acquisitions and has completed several acquisitions in previous years. IOOF will continue to pursue acquisitions within the Wealth Management sector on an opportunistic basis. However acquisitions will only be considered where they present a logical strategic fit with existing operations and are priced reasonably for the expected value accretion to shareholders. The funding of acquisitions will be considered on a case by case basis taking into account the relative cost of available funding sources and the impact on balance sheet structure overall.

On 6 August 2014, SFG Australia Ltd (SFG) joined the IOOF Group via a scheme of arrangement. SFG was an ASX-listed financial advice and end-to-end wealth management firm. SFG provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration, portfolio construction and management services, insurance solutions, and stockbroking. The company also provides corporate superannuation services as well as accounting and tax services.

Senior employees of IOOF and SFG have overseen a rigorous integration process involving weekly reporting of progress to the Managing Director. The first priority was to identify duplicate and non-essential roles, largely at SFG head office, and agree exit dates with the individuals affected. Approximately half the staff identified in this manner had departed by 31 December 2014. The consequent reduction in employee numbers, particularly among more highly remunerated managerial staff, has provided the bulk of cost synergy savings to date. We have also identified the highest cost suppliers and either terminated them in favour of in-sourced teams or pre-existing external service provision or had their services re-priced downwards as befits the additional scale arising from the increased size of the newly combined group. As the amount of SFG head office activity winds down, more efficient occupancy arrangements will be sought for the remaining staff.

The IOOF Group's UNPAT rose $22.6m or 38.9% to $80.6m for the six months ended 31 December 2014 relative to $58.0m in the prior corresponding period. The acquisition of SFG is principally responsible for the material increase in our profitability, having contributed $16.3m to overall group UNPAT with no amount attributable to SFG in the prior corresponding period.

The SFG contribution represents an 8% increase on its pre-acquisition operating performance for the equivalent 5 months in the prior corresponding period. This increase was driven principally by the impact of increased equity market valuations on revenue and the realisation of cost synergies resulting from the integration process noted above.

The financial planning business of Credit Union Australia Ltd (CUA FP) was also acquired on 30 June 2014 for $3.3m in cash and has contributed approximately $0.3m to group UNPAT. Additionally, two loss making Perennial subsidiaries with sub-scale FUMA were divested during the period. This did not have a material impact on results as the divestments occurred late in the half-year. The two subsidiaries, when they operated pre-divestment, were not material in their impact on the IOOF Group's profitability.

Analysis of the IOOF Group's result excludes the material impact of acquiring SFG at the beginning of the half. As noted above, there was a $16.3m increment to UNPAT as a result of this acquisition. Where the SFG acquisition has had an impact on other parts of the IOOF Group, for example in financing additional borrowings, that will be highlighted in the review. The contribution of CUA FP and divested Perennial businesses has been included in the review and the impact on particular items of revenue or expense highlighted where significant.

Gross margin increased $74.1m (increased $7.8m excl SFG)

During the current period FUMAS increased 19% to $144.5b. Excluding acquisition and divestment impacts, Funds Under Management, Administration and Advice (FUMA) increased by $2.9b to $98.8b, which was derived principally from equity market driven increases. Net inflows of $1.5b into platforms and advice were partly offset by net outflows of $0.3b from investment management. Platform and advice flows were positively impacted by high rates of satisfaction with service levels and branding initiatives whilst investment management outflows reflected adverse performance to benchmark, most notably in the direct asset management businesses. Growth in funds contributed $12.0m overall to the increase in gross margin.

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The contribution from funds growth was partly offset by the impact of product mix on earning rates or margins. Within platform administration, these lower rates principally reflected a rising proportion of products where rising asset values put a higher proportion of fund members into lower fee scales under a tiered fee structure. The introduction of the government mandated MySuper product has had no adverse impact on margins given the charging of flat management fees which are more reflective of actual costs to service these accounts. Investment management margins also reduced given the divestment of asset classes with higher fee scales. Actively managed equity portfolios generally earn higher management fees than fixed income and multi-manager portfolios. Earning rates in the trustee segment were enhanced by growth in self managed and estate administration funds and a contraction in relatively low fee rate corporate trusteeship.

Other revenue increased $1.0m (increased $0.3m excl SFG)

The IOOF Group's broking businesses, Ord Minnett and Bridges, contributions were broadly equivalent to the prior corresponding period in line with market activity generally. There was a lower contribution from equity accounted investees. This arose principally from higher employment costs and net funds outflow in Perennial associated entities. No further individual other revenue item was significant in terms of movement from prior corresponding period or in its importance to the Group's core businesses.

Operating expenditure increased $45.5m (increased $3.1m excl SFG)

The increase above excludes the impact of expenditure items identified as reversed in calculating UNPAT. The major sources of this increase were labour costs and computer expenditure. These costs increased in line with wage inflation generally, an additional $1.3m of staff costs associated with the acquisition of CUA FP and systems enhancements designed to improve adviser and member services. Conversely, expenditure on administration, marketing, professional fees, travel and occupancy has been reduced by approximately $1.0m as a result of prudent constraint on discretionary activity and continued negotiation of better terms from suppliers.

Financial Position

The IOOF Group held cash and cash equivalents of $134.4m at 31 December 2014 (30 June 2014: $109.5m). Cash is held to satisfy regulatory net asset requirements and also to ensure adequate liquidity given management fee receipts are less frequent than payroll and service fee cash outflows. During the year, an additional $76m in debt facilities were drawn to fulfil payment requirements to SFG shareholders who opted for cash rather than IOOF scrip under the terms of the scheme of arrangement. The additional debt reduced the funding cost relative to a full scrip for scrip acquisition and enhances the prospective value accretion for remaining shareholders.

The overall debt to equity ratio stood at 13% at 31 December 2014 (30 June 2014: 12%). Net debt, borrowings less cash, stood at 0.3 times annualised underlying earnings before interest, tax, depreciation and amortisation. This compares favourably to a covenant ratio upper limit of 2.5 times. Cash flow forecasting is conducted monthly which indicates that the IOOF Group's debt levels are able to be serviced from current business operations. We also conduct stress testing of lending covenants when assessing acquisition opportunities and monitor adherence to licence conditions monthly.

3. Net tangible assets

	31 Dec 2014 (cents)	30 Jun 2014 (cents)
Net tangible assets/(liabilities) per share *	(20.6)	6.2

* Net tangible assets equate to net assets excluding goodwill, intangible assets and deferred tax liabilities arising from acquisitions.

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4. Entities over which control has been gained or lost

On 6 August 2014, SFG joined the IOOF Group via a scheme of arrangement. SFG is a leading non-aligned client focused financial advice and end-to-end wealth management firm. SFG provides services high net worth and affluent clients including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, corporate superannuation, accounting and tax services.
The IOOF Group acquired all of the ordinary shares in SFG for a total cash consideration of $76.7 million and the issue of 68,015,718 shares in the Company to former SFG shareholders. The IOOF Group entered into a Debt Facility for $100 million to fund the cash consideration component of the scheme of arrangement and transition costs.
There were no entities over which control has been lost during the period.

5. Dividends

	Amount $'000	Cents per share	% Franked
Final dividend for the year ended 30 June 2014	75,033	25.0	100%
Interim dividend for the year ended 30 June 2015	75,033	25.0	100%
Record date for determining entitlements to dividends	18 March 2015		
Date for payment of interim dividend	10 April 2015		

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	2,636	3,061
Other associates			670	677
			3,306	3,738

* 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 10 *Consolidated Financial Statements.*

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8. Other

The information contained in this Appendix 4D is based on the 31 December 2014 condensed consolidated interim financial report of IOOF Holdings Ltd and its subsidiaries, which have been subject to review by our external auditors. The financial report is not subject to qualification. A copy of the financial report is attached.

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

IOOF Holdings Ltd

ABN 49 100 103 722

31 December 2014

Condensed consolidated interim financial report

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Notes to the financial statements

The Directors present their report together with the financial report of IOOF Holdings Ltd (the "Company" or "Parent") and of the IOOF Group, being the Company and its subsidiaries and the consolidated Group's interest in associates for the six months ended 31 December 2014 and the auditor's report thereon.

Directors

The Directors of the Company during or since the end of the six months are:

Name

Dr Roger Sexton AM (Chairman)
Mr Christopher Kelaher
Mr Allan Griffiths (appointed 14 July 2014)
Mr Ian Griffiths
Ms Jane Harvey
Mr George Venardos

All Directors held office during and since the end of the period, unless otherwise noted.

Operating and financial review

In accordance with current Australian accounting standards, the reviewed financial results of the benefit funds of IOOF Ltd are included in the consolidated results of the IOOF Group. The inclusion of the benefit funds has no impact on the profit after tax for the six months (2013: $nil), but results in offsetting pre-tax profit and income tax amounts not available to shareholders.

The following table, which has not been subject to auditor review, provides a reconciliation between the reported results of the IOOF Group and underlying net profit after tax (UNPAT), with the results of the benefit funds excluded. In calculating its UNPAT, the IOOF Group reverses the impact on profit of certain, predominantly non cash, items to enable a better understanding of its operational result. It is the UNPAT result which will be analysed in detail in this section of the Directors' Report. It should be noted, however, that the items reversed, and the rationale for that reversal, is also addressed in detail.

Shareholders can review the more detailed results presentation by visiting the Company website at www.ioof.com.au

	Note	Six months ended 31 Dec 14 $'000	Six months ended 31 Dec 13 $'000
Profit attributable to Owners of the Company		**65,961**	**48,181**
Underlying net profit after tax (UNPAT) adjustments:			
Reverse the impact of:			
Amortisation of intangible assets	2-3	12,300	12,152
Acquisition and divestment transaction costs	2-3	5,733	-
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Gain on disposal of intangible assets	2-2	(530)	-
Unwind of deferred tax liability recorded on intangible assets		(2,757)	(2,758)
Reinstatement of Perennial non-controlling interests		(551)	(638)
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Operating and financial review (continued)

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The IOOF Group administers and manages Retail funds. Australian Superannuation assets totalled $1.87 trillion at the end of the September 2014 quarter. Over the 12 months to September 2014 there was a 9.6 per cent increase in total superannuation assets. When last measured at 30 June 2013, retail providers had a market share of approximately 26%**.** Our market share of that sub-set, as represented by our platform administration segment's Funds Under Administration, was approximately 6%. There is a high degree of competition between the five fund types and fragmentation and competition among the participants within each fund type.
The IOOF Group operates in the Wealth Management sector. The sector has a substantial and growing pool of funds underpinned by government compulsion and both major political parties have policy positions to lift mandatory contribution rates. The attraction of the sector is further enhanced by high regulatory and technological barriers to entry from new competitors. As an incumbent participant, we seek to grow our Funds Under Management, Administration, Advice and Supervision (FUMAS) at a rate which exceeds those of our competitors. In doing so, the portion of our revenue net of direct costs (gross margin) which is levied on asset balances may reasonably be expected to rise proportionately with FUMAS. This proportionate rise may be affected by the impact of differentiated product pricing and competitive pressure on management fee rates. In conjunction, we seek to leverage a cost base which is largely fixed relative to the scale of our FUMAS.

The IOOF Group's future FUMAS growth will be underpinned by organic and acquisition initiatives. Organic growth will be advanced through:

- increasing brand and product awareness to increase revenue;
- enhancing the adviser and fund member experience through continued technology development and experienced knowledgeable support staff;
- establishing skilled teams and robust analytical processes to enhance the prospect of achieving above benchmark performance in investment management; and
- continuous improvement in process efficiency to minimise operating costs.

IOOF also has a long-term strategy of pursuing growth through acquisitions and has completed several acquisitions in previous years. IOOF will continue to pursue acquisitions within the Wealth Management sector on an opportunistic basis. However acquisitions will only be considered where they present a logical strategic fit with existing operations and are priced reasonably for the expected value accretion to shareholders. The funding of acquisitions will be considered on a case by case basis taking into account the relative cost of available funding sources and the impact on balance sheet structure overall.

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Operating and financial review (continued)

Senior employees of IOOF and SFG have overseen a rigorous integration process involving weekly reporting of progress to the Managing Director. The first priority was to identify duplicate and non-essential roles, largely at SFG head office, and agree exit dates with the individuals affected. Approximately half the staff identified in this manner had departed by 31 December 2014. The consequent reduction in employee numbers, particularly among more highly remunerated managerial staff, has provided the bulk of cost synergy savings to date. We have also identified the highest cost suppliers and either terminated them in favour of in-sourced teams or pre-existing external service provision or had their services re-priced downwards as befits the additional scale arising from the increased size of the newly combined group. As the amount of SFG head office activity winds down, more efficient occupancy arrangements will be sought for the remaining staff.

The IOOF Group's UNPAT rose $22.6m or 38.9% to $80.6m for the six months ended 31 December 2014 relative to $58.0m in the prior corresponding period. The acquisition of SFG is principally responsible for the material increase in our profitability, having contributed $16.3m to overall group UNPAT with no amount attributable to SFG in the prior corresponding period.

The SFG contribution represents an 8% increase on its pre-acquisition operating performance for the equivalent 5 months in the prior corresponding period. This increase was driven principally by the impact of increased equity market valuations on revenue and the realisation of cost synergies resulting from the integration process noted above.

The financial planning business of Credit Union Australia Ltd (CUA FP) was also acquired on 30 June 2014 for $3.3m in cash and has contributed approximately $0.3m to group UNPAT. Additionally, two loss making Perennial subsidiaries with sub-scale FUMA were divested during the period. This did not have a material impact on results as the divestments occurred late in the half-year. The two subsidiaries, when they operated pre-divestment, were not material in their impact on the IOOF Group's profitability.

Analysis of the IOOF Group's result excludes the material impact of acquiring SFG at the beginning of the half. As noted above, there was a $16.3m increment to UNPAT as a result of this acquisition. Where the SFG acquisition has had an impact on other parts of the IOOF Group, for example in financing additional borrowings, that will be highlighted in the review. The contribution of CUA FP and divested Perennial businesses has been included in the review and the impact on particular items of revenue or expense highlighted where significant.

Gross margin increased $74.1m (increased $7.8m excl SFG)

During the current period FUMAS increased 19% to $144.5b. Excluding acquisition and divestment impacts, Funds Under Management, Administration and Advice (FUMA) increased by $2.9b to $98.8b, which was derived principally from equity market driven increases. Net inflows of $1.5b into platforms and advice were partly offset by net outflows of $0.3b from investment management. Platform and advice flows were positively impacted by high rates of satisfaction with service levels and branding initiatives whilst investment management outflows reflected adverse performance to benchmark, most notably in the direct asset management businesses. Growth in funds contributed $12.0m overall to the increase in gross margin.

The contribution from funds growth was partly offset by the impact of product mix on earning rates or margins. Within platform administration, these lower rates principally reflected a rising proportion of products where rising asset values put a higher proportion of fund members into lower fee scales under a tiered fee structure. The introduction of the government mandated MySuper product has had no adverse impact on margins given the charging of flat management fees which are more reflective of actual costs to service these accounts. Investment management margins also reduced given the divestment of asset classes with higher fee scales. Actively managed equity portfolios generally earn higher management fees than fixed income and multi-manager portfolios. Earning rates in the trustee segment were enhanced by growth in self managed and estate administration funds and a contraction in relatively low fee rate corporate trusteeship.

Other revenue increased $1.0m (increased $0.3m excl SFG)

The IOOF Group's broking businesses, Ord Minnett and Bridges, contributions were broadly equivalent to the prior corresponding period in line with market activity generally. There was a lower contribution from equity accounted investees. This arose principally from higher employment costs and net funds outflow in Perennial associated entities. No further individual other revenue item was significant in terms of movement from prior corresponding period or in its importance to the Group's core businesses.

Operating expenditure increased $45.5m (increased $3.1m excl SFG)

The increase above excludes the impact of expenditure items identified as reversed in calculating UNPAT. The major sources of this increase were labour costs and computer expenditure. These costs increased in line with wage inflation generally, an additional $1.3m of staff costs associated with the acquisition of CUA FP and systems enhancements designed to improve adviser and member services. Conversely, expenditure on administration, marketing, professional fees, travel and occupancy has been reduced by approximately $1.0m as a result of prudent constraint on discretionary activity and continued negotiation of better terms from suppliers.

Operating and financial review (continued)

Other profit impacts decreased $7.2m (increased $0.8m excl SFG)

Income tax expense was $2.2m lower with increased profitability more than offset by the impact of fulfilment of share based payments. In the prior comparative period, purchases of treasury shares had partly offsetting assessable income from striking of options. There was no equivalent offset in the current period. Net interest income was $1.7m lower (Finance income stable, Finance costs up $1.8m) due largely to debt funding for the SFG acquisition. Non-controlling interests (including amounts restated to calculate UNPAT) moved broadly in line with the profitability of the relevant subsidiaries.

Financial Position

The IOOF Group held cash and cash equivalents of $134.4m at 31 December 2014 (30 June 2014: $109.5m). Cash is held to satisfy regulatory net asset requirements and also to ensure adequate liquidity given management fee receipts are less frequent than payroll and service fee cash outflows. During the year, an additional $76m in debt facilities were drawn to fulfil payment requirements to SFG shareholders who opted for cash rather than IOOF scrip under the terms of the scheme of arrangement. The additional debt reduced the funding cost relative to a full scrip for scrip acquisition and enhances the prospective value accretion for remaining shareholders.

The overall debt to equity ratio stood at 13% at 31 December 2014 (30 June 2014: 12%). Net debt, borrowings less cash, stood at 0.3 times annualised underlying earnings before interest, tax, depreciation and amortisation. This compares favourably to a covenant ratio upper limit of 2.5 times. Cash flow forecasting is conducted monthly which indicates that the IOOF Group's debt levels are able to be serviced from current business operations. We also conduct stress testing of lending covenants when assessing acquisition opportunities and monitor adherence to licence conditions monthly.

Risk

The IOOF Group manages a number of risks in conducting its operations and implementing its strategy. An in depth discussion of risks and sensitivities is outlined in Section 1 of the financial statements. The acquisition of SFG also carries integration and cultural alignment risk. IOOF will manage this risk through comprehensive integration planning and collaborative implementation led by experienced senior executives and managers from both parties.

Shareholder returns

The IOOF Group dividend is calibrated to provide shareholders with a benefit which reflects performance and offers an attractive yield when assessed against a range of other external economic factors and investment options. The Board also understands that dividend payments should not hinder future organisational plans. The Board has therefore determined that a pay-out ratio range of 60% - 90% of UNPAT is appropriate. The current half-year dividend pay-out ratio is marginally in excess of the upper end of this range. The extent to which the payout ratio exceeded 90% reflects the availability of additional cash and profitability generated by SFG in the month of July 2014 to which current shareholders are entitled.

Total Shareholder Return (TSR) measures the change in share value over a specified period together with the return by way of dividends received. IOOF's TSR for the twelve months to 23 February 2015 was 12.4%. TSR in the period from the acquisition of Australian Wealth Management on 30 April 2009 to 23 February 2015 was 218% in total and 21% on a compounding annualised basis.

	Six months ended 31 December		
	2014	2013	% change
Profit attributable to owners of the Company ($'000s)(1)	65,961	48,181	36.9%
Basic EPS (cents per share)	23.5	20.8	13.0%
Diluted EPS (cents per share)	23.3	20.5	13.7%
UNPAT ($'000s)	80,578	58,000	38.9%
UNPAT EPS (cents per share)	28.7	25.0	14.8%
Dividends declared ($'000s)	75,033	52,227	43.7%
Dividends per share (cents per share)	25.0	22.5	11.1%
Opening share price	$ 8.34	$ 7.25	15.0%
Closing share price at 31 December	$ 8.90	$ 8.96	-0.7%
Return on equity (non-statutory measure)(2)	12.8%	13.8%	-1.0%
Ratio to long-term bond rate	3.6 times	3.4 times	

(1) Profit attributable to owners of the Company have been calculated in accordance with Australian Accounting Standards (AASBs).

(2) Return on equity is calculated by dividing annualised UNPAT by average equity during the period.

Returns to shareholders increase / decrease through both dividends and capital growth / decline. Dividends for 2014 and prior years were fully franked.

Operating and financial review (continued)

UNPAT adjustments

Amortisation of intangible assets: Non-cash entry reflective of declining intangible asset values over their useful lives. Intangible assets are continuously generated within the IOOF Group, but are only able to be recognised when acquired. The absence of a corresponding entry for intangible asset creation results in a conservative one sided decrement to profit only. It is reversed to ensure the operational result is not impacted. The reversal of amortisation of intangibles is routinely employed when performing company valuations. The amortisation of software development costs is not reversed in this manner however.

Acquisition and divestment transaction costs: One off payments to external advisers in pursuit of corporate transactions, such as the acquisition of SFG and divestment of certain Perennial subsidiaries, which were not reflective of conventional recurring operations.

Termination and retention incentive payments: Facilitation of restructuring to ensure long term efficiency gains which are not reflective of conventional recurring operations.

Gain on disposal of intangible assets: During the year, the IOOF Group divested a number of minor loss making businesses and rationalised legacy, non-core and sub-scale trusts.

Unwind of deferred tax liability recorded on intangible assets: Acquired intangible asset valuations for AASB 3 Business Combinations accounting are higher than the required cost base as set under newly legislated tax consolidation rules implemented during 2012. A deferred tax liability (DTL) is required to be recognised as there is an embedded capital gain should the assets be disposed of at their accounting values. This DTL reduces in future periods at 30% of the amortisation applicable to those assets which have different accounting values and tax cost bases. The recognition of DTL and subsequent period reductions are not reflective of conventional recurring operations and are regarded as highly unlikely to be realised due to the IOOF Group's intention to hold these assets long term.

Reinstatement of Perennial non-controlling interests: Embedded derivatives exist given the IOOF Group’s obligation to buy-back shareholdings in certain Perennial subsidiaries if put under the terms of their shareholders’ agreements. IFRS deems the interests of these non-controlling holders to have been acquired. Those interests must therefore be held on balance sheet as a liability to be revalued to a reserve each reporting period. In calculating UNPAT, the non-controlling interest holders share of the profit of these subsidiaries is subtracted from the IOOF Group result as though there were no embedded derivatives to better reflect the current economic interests of Company shareholders in the activities of these subsidiaries.

Income tax attributable: This represents the income tax applicable to certain of the adjustment items outlined above.

Dividends

In respect of the six months ended 31 December 2014, on 25 February 2015 the Directors declared the payment of an interim dividend of 25.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 10 April 2015. This dividend will be paid to all shareholders recorded on the Register of Members on 18 March 2015.

In respect of the financial year ended 30 June 2014, a final dividend of 25.0 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 15 October 2014.

Events occurring after balance date

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

- the IOOF Group’s operations in future financial years; or
- the results of those operations in future financial years; or
- the IOOF Group’s state of affairs in future financial years.

Lead auditor’s independence declaration

The lead auditor’s independence declaration is included on page 8 of the annual financial report and forms part of the Directors' Report for the six months ended 31 December 2014.

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.

This Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

This report is made with a resolution of the Directors:

Dr Roger Sexton AM
Chairman
26 February 2015

Directors' declaration

1. In the opinion of the Directors of the Company:

(a) the condensed consolidated financial statements and notes set out on pages 11 to 29, are in accordance with the Corporations Act 2001 including:

  (i) giving a true and fair view of the Company's and Group's financial position as at 31 December 2014 and of their performance for the six months ended on that date; and

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

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

Signed in accordance with a resolution of the Directors:

Dr Roger Sexton AM
Chairman
Melbourne
26 February 2015

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

To: the directors of IOOF Holdings Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2014 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

Dean M Waters
Partner

Melbourne

26 February 2015

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

Report on the financial report

We have reviewed the accompanying interim financial report of IOOF Holdings Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1-1 to 6-5 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 interim period's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of IOOF Holdings Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and

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

KPMG

KPMG

Dean M Waters
Partner

Melbourne

26 February 2015

Condensed consolidated statement of comprehensive income

For the six months ended	Note	31 Dec 14 $'000	31 Dec 13 $'000
Revenue	2-2	458,486	368,285
Expenses	2-3	(366,494)	(299,987)
Statutory fund revenue*	5-3	36,033	45,653
Statutory fund expenses*	5-3	(31,342)	(31,077)
Share of profits of associates accounted for using the equity method (net of income tax)		3,306	3,738
Finance costs		(4,437)	(1,747)
Profit before income tax expense		95,552	84,865
Income tax (expense)/benefit - shareholder		(23,863)	(21,158)
Income tax (expense)/benefit - statutory*	5-3	(4,691)	(14,576)
Profit for the period		66,998	49,131
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net change in fair value of share buy back liability		(3,870)	(886)
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		1,030	6,666
Exchange differences on translating foreign operations		16	2
Income tax on other comprehensive income		(309)	(1,764)
Total items that may be reclassified subsequently to profit or loss		737	4,904
Other comprehensive income/(expense) for the period, net of income tax		(3,133)	4,018
Total comprehensive income for the period		63,865	53,149
Profit attributable to:			
Owners of the Company		**65,961**	**48,181**
Non-controlling interest		1,037	950
Profit for the period		66,998	49,131
Total comprehensive income attributable to:			
Owners of the Company		62,828	52,199
Non-controlling interest		1,037	950
Total comprehensive income for the period		63,865	53,149
Earnings per share:			
Basic earnings per share (cents per share)		23.5	20.8
Diluted earnings per share (cents per share)		23.3	20.5

Notes to the consolidated financial statements are included on pages 16 to 29.

*A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. The funds operated by IOOF Ltd, and any trusts controlled by those funds, are treated as statutory funds in accordance with the Life Insurance Act 1995. These statutory funds are required to be consolidated in accordance with accounting standards and are shown separately from shareholder funds in the financial statements.

Condensed consolidated statement of financial position

	Note	31 Dec 2014 $'000	30 Jun 2014 $'000
Assets			
Cash	1-1	134,438	109,505
Receivables	1-1	101,942	80,393
Other financial assets	1-1	32,666	35,961
Prepayments		12,086	12,669
Deferred acquisition costs		4,504	5,581
Equity-accounted investees	4-2	27,436	26,910
Property and equipment		19,685	10,959
Intangible assets	4-3	270,291	288,641
Goodwill	4-4	1,230,392	578,090
Assets relating to statutory funds	5-1	873,549	870,271
Total assets		**2,706,989**	**2,018,980**
Liabilities			
Payables	1-1	77,916	60,085
Borrowings	3-1	208,292	111,059
Current tax liabilities		23,608	24,962
Contingent consideration	1-1	13,260	2,157
Share buy-back liabilities	1-1	28,808	26,629
Provisions	4-5	51,793	48,651
Deferred tax liabilities		49,034	53,713
Deferred revenue liability		4,742	5,901
Lease incentives		2,160	2,212
Liabilities relating to statutory funds	5-2	873,549	870,271
Total liabilities		**1,333,162**	**1,205,640**
Net assets		**1,373,827**	**813,340**
Equity			
Share capital	3-2	1,440,047	859,965
Reserves	3-4	(12,761)	(4,456)
Accumulated losses		(63,682)	(55,004)
Total equity attributable to equity holders of the Company		**1,363,604**	**800,505**
Non-controlling interest		10,223	12,835
Total equity		**1,373,827**	**813,340**

Notes to the consolidated financial statements are included on pages 16 to 29.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2014	**Ordinary shares** $'000	**Treasury shares** $'000	**Reserves** $'000	**Accumulated losses** $'000	**Total** $'000	**Non-controlling interest** $'000	**Total equity** $'000
Balance at 1 July 2014	868,084	(8,119)	(4,456)	(55,004)	800,505	12,835	**813,340**
Total comprehensive income for the period							
Profit for the period attributable to owners of the Company	-	-	-	65,961	65,961	1,037	**66,998**
Other comprehensive income for the year, net of income tax	-	-	(3,133)	-	(3,133)	-	**(3,133)**
Total comprehensive income for the period	-	-	(3,133)	65,961	62,828	1,037	**63,865**
Contributions by and (distributions to) owners							
Dividends to equity holders	-	-	-	(74,803)	(74,803)	(2,009)	**(76,812)**
Fair value of shares issued in business combination	581,535	-	-	-	581,535	-	**581,535**
Transaction costs of issuing new shares	(11)	-	-	-	(11)	-	**(11)**
Share-based payment expense	-	-	2,162	-	2,162	-	**2,162**
Proceeds from exercise of options under executive and employee share option plan	2,618	-	-	-	2,618	-	**2,618**
Transfer from employee equity-settled benefits reserve on exercise of options	7,170	-	(7,170)	-	-	-	**-**
Treasury shares transferred to employees during the period	(13,720)	13,720	-	-	-	-	**-**
On-market purchase of shares transferred to option and rights holders during the year	(243)	-	-	-	(243)	-	**(243)**
Transfer of lapsed share options to retained earnings	-	-	(164)	164	-	-	**-**
Purchase of treasury shares	-	(10,987)	-	-	(10,987)	-	**(10,987)**
Return of capital to non-controlling members of subsidiary entities	-	-	-	-	-	(1,640)	**(1,640)**
Total transactions with owners	577,349	2,733	(5,172)	(74,639)	500,271	(3,649)	**496,622**
Balance at 31 December 2014	1,445,433	(5,386)	(12,761)	(63,682)	1,363,604	10,223	**1,373,827**

Notes to the consolidated financial statements are included on pages 16 to 29.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2013	Ordinary shares $'000	Treasury shares $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2013	869,269	(6,948)	(6,088)	(52,139)	804,094	12,457	816,551
Total comprehensive income for the period							
Profit for the period attributable to owners of the Company	-	-	-	48,181	48,181	950	49,131
Other comprehensive income for the year, net of income tax	-	-	4,018	-	4,018	-	4,018
Total comprehensive income for the period	-	-	4,018	48,181	52,199	950	53,149
Transactions with owners, recorded directly in equity							
Contributions by and (distributions to) owners							
Dividends to equity holders	-	-	-	(52,138)	(52,138)	(574)	(52,712)
Share-based payment expense	-	-	2,766	-	2,766	-	2,766
Proceeds from exercise of options under executive and employee share option plan	7,048	-	-	-	7,048	-	7,048
Performance rights vested during the period	551	-	(551)	-	-	-	-
Transfer from employee equity-settled benefits reserve on exercise of options	2,361	-	(2,361)	-	-	-	-
Treasury shares transferred to employees during the period	(10,916)	10,916	-	-	-	-	-
Purchase of treasury shares	-	(4,974)	-	-	(4,974)	-	(4,974)
Derecognition of non-controlling interest on disposal of subsidiary	-	-	-	-	-	9	9
Total transactions with owners	(956)	5,942	(146)	(52,138)	(47,298)	(565)	(47,863)
Balance at 31 December 2013	868,313	(1,006)	(2,216)	(56,096)	808,995	12,842	821,837

Notes to the consolidated financial statements are included on pages 16 to 29.

Condensed consolidated statement of cash flows

For the six months ended	31 Dec 14 $'000	31 Dec 13 $'000
Cash flows from operating activities		
Receipts from customers	489,349	379,362
Payments to suppliers and employees	(386,297)	(306,078)
Dividends from equity-accounted investees	4,127	3,699
Net stockbroking purchases	(504)	(170)
Termination and retention incentive payments	(2,666)	(1,518)
Income taxes paid	(26,340)	(14,991)
Net cash provided by/(used in) operating activities	77,669	60,304
Cash flows from investing activities		
Dividends and distributions received	435	260
Interest received	2,050	1,832
Acquisition of subsidiary, net of cash acquired	(35,779)	-
Acquisition transition costs	(5,733)	-
Interest and other costs of finance paid	(4,110)	(1,669)
Net proceeds on disposal of interests in associates	330	1,000
Proceeds on disposal of intangible assets	703	1,253
Receipt of deferred purchase consideration	865	-
Purchase of non-controlling interests in subsidiaries	(975)	-
Net proceeds from sales/(purchases) of financial assets	5,152	(25,035)
Payments for property and equipment	(2,208)	(936)
Amounts (advanced to)/borrowed from other entities	(252)	85
Payments for intangible assets	(1,403)	(5,893)
Net cash provided by/(used in) investing activities	(40,925)	(29,103)
Cash flows from financing activities		
Net borrowings drawn	75,952	4,679
Purchase of treasury shares	(11,229)	(4,974)
Proceeds from exercise of IFL share options	2,618	7,048
Proceeds from exercise of share options in subsidiaries	662	-
Cost of issuing additional shares	(11)	-
Return of capital to non-controlling members of subsidiary entities	(1,640)	-
Dividends paid:		
- members of the Company	(74,803)	(52,138)
- non-controlling members of subsidiary entities	(2,009)	(574)
- shareholders entitled to contractual share buy-back	(1,378)	(1,054)
Net cash provided by/(used in) financing activities	(11,838)	(47,013)
Net increase/(decrease) in cash and cash equivalents	24,906	(15,812)
Cash and cash equivalents at the beginning of period	109,505	98,252
Effects of exchange rate changes on cash and cash equivalents	27	20
Cash and cash equivalents at the end of period	134,438	82,460

Notes to the consolidated financial statements are included on pages 16 to 29.

Section 1 - Risk management

The IOOF Group's activities expose it to a variety of financial and non-financial risks. Financial risks include market risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Key non-financial exposures are operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are unchanged from the year ended 30 June 2014.

1-1 Risk management

Liquidity risk

Liquidity risk relates to the IOOF Group having insufficient liquid assets to cover current liabilities and unforeseen expenses. The IOOF Group maintains a prudent approach to managing liquidity risk exposure by maintaining sufficient liquid assets and an ability to access a committed line of credit. It is managed by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Temporary surplus funds are invested in highly liquid, low risk financial assets.

The IOOF Group had access to un-drawn bank borrowing facilities at the balance date, on the terms described and disclosed in section 3-1 Borrowings. The liquidity requirements for licensed entities in the IOOF Group are regularly reviewed and carefully monitored in accordance with those licence requirements.

Maturities of financial liabilities

The tables below analyse the IOOF Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed therein are the contractual undiscounted cash flows. Statutory funds are excluded on the basis that monies held in the benefit funds and controlled trusts are held for the benefit of the members of those funds, and are not available to shareholders or creditors.

31 Dec 2014	Carrying amount	Contractual cash flows				
		<3 months	3 to 12 months	12 months or more	No stated maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities						
Payables	77,916	77,916	-	-	-	77,916
Total payables	77,916	77,916	-	-	-	77,916
Syndicated borrowing facilities	206,489	-	-	207,383	-	207,383
Finance lease liabilities	1,803	307	865	784	-	1,956
Total borrowings	208,292	307	865	208,167	-	209,339
Contingent consideration	13,260	803	7,791	5,452	-	14,046
Share buy-back liabilities	28,808	-	-	-	28,808	28,808
	328,276	79,026	8,656	213,619	28,808	330,109
Financial assets available to meet the above financial liabilities						
Cash	134,438	134,438	-	-	-	134,438
Receivables	96,573	95,073	-	1,500	-	96,573
Security bonds	5,369	-	-	-	5,369	5,369
Total receivables	101,942	95,073	-	1,500	5,369	101,942
Fair value through profit or loss						
Certificates of deposit	127	127	-	-	-	127
Shares in listed companies	151	151	-	-	-	151
Unlisted unit trusts	868	-	-	868	-	868
Available-for-sale investments	13,684	-	-	-	13,684	13,684
Loans and other receivables						
Loans to directors and executives	10,589	-	-	-	10,589	10,589
Receivables from statutory benefit funds and other related	94	94	-	-	-	94
Seed capital receivable	7,153	-	-	-	7,153	7,153
Total other financial assets	32,666	372	-	868	31,426	32,666
	269,046	229,883	-	2,368	36,795	269,046
Net financial assets/(liabilities)	(59,230)	150,857	(8,656)	(211,251)	7,987	(61,063)

Section 1 - Risk management

1-1 Risk management (continued)

Liquidity risk (continued)

30 Jun 2014	Carrying amount $'000	Contractual cash flows <3 months $'000	3 to 12 months $'000	12 months or more $'000	No stated maturity $'000	Total contractual cash flows $'000
Financial liabilities						
Payables	59,923	59,923	-	-	-	59,923
Payables to statutory benefit funds and other related parties	162	162	-	-	-	162
Total payables	60,085	60,085	-	-	-	60,085
Bank facilities	110,000	35,000	55,000	20,000	-	110,000
Finance lease liabilities	1,059	149	448	524	-	1,121
Total borrowings	111,059	35,149	55,448	20,524	-	111,121
Contingent consideration	2,157	433	300	1,600	-	2,333
Share buy-back liabilities	26,629	-	-	-	26,629	26,629
	199,930	95,667	55,748	22,124	26,629	200,168
Financial assets available to meet the above financial liabilities						
Cash	109,505	109,505	-	-	-	109,505
Receivables	75,027	73,886	-	1,141	-	75,027
Security bonds	5,366	-	-	-	5,366	5,366
Total receivables	80,393	73,886	-	1,141	5,366	80,393
Fair value through profit or loss						
Certificates of deposit	125	125	-	-	-	125
Shares in listed companies	401	401	-	-	-	401
Unlisted unit trusts	5,260	-	-	5,260	-	5,260
Foreign exchange and index swap	87	87	-	-	-	87
Available-for-sale investments	12,653	-	-	-	12,653	12,653
Loans and other receivables						
Loans to directors and executives	10,282	-	-	-	10,282	10,282
Seed capital receivable	7,153	-	-	-	7,153	7,153
Total other financial assets	35,961	613	-	5,260	30,088	35,961
	225,859	184,004	-	6,401	35,454	225,859
Net financial assets/(liabilities)	25,929	88,337	(55,748)	(15,723)	8,825	25,691

Section 1 - Risk management

1-2 Financial Instruments

Fair value hierarchy

The fair values of financial assets and liabilities are equal to the carrying amounts shown in the statement of financial position with the exception of finance lease liabilities which are disclosed in note 3-1 Borrowings.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted closing prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value				
Available-for-sale investments	13,684	-	-	13,684
Certificates of deposit	127	-	-	127
Shares in listed companies	151	-	-	151
Unlisted unit trusts	-	868	-	868
	13,962	868	-	14,830
Financial liabilities measured at fair value				
Share buy-back liabilities	-	-	28,808	28,808
	-	-	28,808	28,808

The IOOF Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six months ended 31 December 2014.

Level 2 fair values

Level 2 fair values are derived from published market indices and include adjustments to take account of the credit risk of the IOOF Group entity and counterparty.

Level 3 fair values

The fair value of level 3 share buy-back liabilities is determined using valuation techniques. Valuation models have been established in consultation with professional accounting and specialist valuation firms, using generally accepted valuation methodologies. These include estimated discounted cash flows. Certain assumptions are made that are based on market conditions existing at each balance date. Assumptions used included terminal growth rates in the range of 3 - 5% which do not exceed the long-term average growth rate for each of the businesses and pre-tax discount rates in the range of 12-15%. The estimated fair values resulting from the valuation techniques are reasonable and the most appropriate at the balance date.

Reconciliation of movements in level 3 financial liabilities	Share buy-back liabilities $'000
Opening balance as at 1 July 2014	26,629
Dividends paid to shareholders entitled to contractual share buy-back	(1,378)
Settlement of share buy-back liability	(975)
Proceeds from exercise of share options	662
Revaluation of shareholder liabilities in other comprehensive income	3,870
Closing balance as at 31 December 2014	28,808

Section 2 - Results for the period

This section focuses on the results and performance of the IOOF Group. On the following pages you will find disclosures explaining the Group's results for the year, segmental information, taxation and earnings per share.

2-1 Operating segments

An operating segment is a component of the IOOF 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 IOOF Group's other components. All operating segments' operating results are regularly reviewed by the IOOF 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. The operating segments 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 operating segments 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 and stockbroking services supported by services such as investment research, training, compliance support and access to financial products.

Shadforths Financial Group
SFG was an ASX-listed financial advice and end-to-end wealth management firm. SFG provides a full range of wealth management services to high net worth and affluent clients, including strategic financial advice, portfolio administration, portfolio construction and management services, insurance solutions, and stockbroking. The company also provides corporate superannuation services as well as accounting and tax services.

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

Corporate and other
Corporate and other costs include those of a strategic, shareholder or governance nature incurred in carrying on business as a listed entity managing multiple business units.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Section 2 - Results for the period

2-1 Operating segments (continued)

	Platform management and administration		Investment management		SFG (5 months since acquisition)		Financial advice and distribution		Trustee services		Corporate and other		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
External management and service fee revenue	199,765	187,788	61,038	65,767	70,042	-	53,890	46,286	11,231	11,446	-	-	395,966	311,287
External other fee revenue	4,124	5,304	1,046	854	5,388	-	6,172	6,423	1,723	1,644	361	137	18,814	14,362
Service fees and other direct costs	(55,447)	(55,059)	(24,760)	(25,774)	(9,081)	-	(56,606)	(49,797)	(47)	(29)	217	(26)	(145,724)	(130,685)
Deferred acquisition costs	(671)	(1,077)	-	-	-	-	(458)	(104)	-	-	-	-	(1,129)	(1,181)
Gross Margin	**147,771**	**136,956**	**37,324**	**40,847**	**66,349**	**-**	**2,998**	**2,808**	**12,907**	**13,061**	**578**	**111**	**267,927**	**193,783**
Stockbroking revenue	-	-	-	-	202	-	36,656	37,669	-	-	-	-	36,858	37,669
Stockbroking service fees expense	-	-	-	-	-	-	(21,463)	(22,487)	-	-	-	-	(21,463)	(22,487)
Stockbroking net contribution	**-**	**-**	**-**	**-**	**202**	**-**	**15,193**	**15,182**	**-**	**-**	**-**	**-**	**15,395**	**15,182**
Inter-segment revenue[(i)]	-	-	-	-	-	-	37,247	33,795	145	130	69	69	37,461	33,994
Inter-segment expenses[(i)]	(37,194)	(33,612)	(197)	(290)	-	-	(70)	(92)	-	-	-	-	(37,461)	(33,994)
Net Operating Revenue	**110,577**	**103,344**	**37,127**	**40,557**	**66,551**	**-**	**55,368**	**51,693**	**13,052**	**13,191**	**647**	**180**	**283,322**	**208,965**
Other external revenue	-	10	950	1,081	371	-	1,946	1,094	-	6	46	170	3,313	2,361
Finance income	-	-	429	208	506	-	570	1,085	-	-	1,500	1,313	3,005	2,606
Inter-segment revenue[(i)]	-	-	-	-	-	-	136	180	-	-	142	-	278	180
Share of net profits of associates	(50)	68	2,635	3,061	87	-	634	609	-	-	-	-	3,306	3,738
Operating and other expenditure	(46,307)	(44,425)	(16,128)	(17,674)	(42,403)	-	(38,968)	(37,075)	(8,476)	(8,028)	(19,665)	(19,199)	(171,947)	(126,401)
Share-based payments expense	(404)	(476)	(186)	(142)	-	-	(1,170)	(1,613)	(13)	(17)	(389)	(518)	(2,162)	(2,766)
Finance costs	-	-	-	(169)	(872)	-	(63)	(39)	-	-	(3,502)	(1,539)	(4,437)	(1,747)
Inter-segment expenses[(i)]	(121)	(80)	(142)	(75)	-	-	-	-	-	-	(15)	(25)	(278)	(180)
Depreciation	(735)	(700)	(299)	(326)	(451)	-	(1,043)	(1,013)	(61)	(67)	-	-	(2,589)	(2,106)
Amortisation of intangible assets - IT Development	(781)	(691)	-	-	-	-	-	-	-	-	-	-	(781)	(691)
Non-controlling interests	-	-	-	-	-	-	(1,037)	(950)	-	-	-	-	(1,037)	(950)
Income tax expense / NCI adjustments	(19,151)	(17,546)	(7,117)	(7,672)	(6,590)	-	(5,303)	(4,855)	(1,344)	(1,520)	10,090	6,583	(29,415)	(25,009)
UNPAT	**43,028**	**39,504**	**17,269**	**18,849**	**17,199**	**-**	**11,070**	**9,117**	**3,158**	**3,565**	**(11,146)**	**(13,035)**	**80,578**	**58,000**

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

Segment disclosures have been prepared on an underlying (UNPAT) basis in accordance with Australian Accounting Standards. Comparatives have been restated to be on a comparable basis.

Section 2 - Results for the period

2-1 Operating segments (continued)

Reconciliation of reportable segment revenues and expenses

Segment revenues	**31 Dec 14 $'000**	**31 Dec 13 $'000**
External management and service fee revenue	395,966	311,287
External other fee revenue	18,814	14,362
Stockbroking revenue	36,858	37,669
Other external revenue	3,313	2,361
Finance income	3,005	2,606
Total segment revenues	457,956	368,285
Gain on disposal of intangible assets	530	-
Total reported revenue	458,486	368,285

Segment expenses	**31 Dec 14 $'000**	**31 Dec 13 $'000**
Service fees and other direct costs	145,724	130,685
Stockbroking service fees expense	21,463	22,487
Deferred acquisition costs	1,129	1,181
Operating expenditure & loss on disposal of non-current assets	171,947	126,401
Share-based payments expense	2,162	2,766
Depreciation of property and equipment	2,589	2,106
Amortisation of intangible assets - IT Development	781	691
Total segment expenses	345,795	286,317
Amortisation of intangible assets	12,300	12,152
Acquisition transition costs	5,733	-
Termination and retention incentive payments	2,666	1,518
Total reported expenses	366,494	299,987

The significant accounting policies which apply to the major revenue and expense items below are consistent with those adopted for the last annual consolidated financial statements as at and for the year ended 30 June 2014. There are no new material accounting policies arising from the acquisition of SFG.

2-2 Revenue

	31 Dec 14 $'000	**31 Dec 13 $'000**
Management and service fees revenue	395,966	311,287
Stockbroking revenue	36,858	37,669
Other fee revenue	18,814	14,362
Finance income		
Interest income on loans to Directors of controlled and associated entities	212	204
Interest income from non-related entities	2,068	1,493
Dividends and distributions received	437	260
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	78	(52)
Profit on sale of other assets	210	701
	3,005	2,606
Other revenue		
Service revenue charged to related parties	873	1,020
Gain on disposal of intangible assets	530	-
Other	2,440	1,341
	3,843	2,361
Total revenue	458,486	368,285

Section 2 - Results for the period

2-3 Expenses

	31 Dec 14 $'000	31 Dec 13 $'000
Service Fees and other direct costs		
Service and marketing fees expense	130,235	124,284
Stockbroking service fees expense	21,463	22,487
Other direct costs	15,489	6,401
	167,187	153,172
Operating expenditure		
Salaries and related employee expenses	106,557	75,603
Employee defined contribution plan expense	7,467	5,403
Information technology costs	24,864	19,490
Professional fees	4,003	3,122
Marketing	5,055	4,345
Office support and administration	9,477	7,219
Occupancy related expenses	10,998	8,068
Travel and entertainment	3,497	3,047
Other	5	23
	171,923	126,320
Other expenses		
Share-based payments expense	2,162	2,766
Acquisition transition costs	5,733	-
Termination and retention incentive payments	2,666	1,518
Depreciation of property and equipment	2,589	2,106
Amortisation of intangible assets	12,300	12,152
Amortisation of intangible assets - IT development	781	691
Loss on disposal of non-current assets	24	81
Deferred acquisition costs	1,129	1,181
	27,384	20,495
Total expenses	366,494	299,987

2-4 Dividends

The following dividends were declared by the Group:

Recognised amounts	Six months ended 31 December 2014 Cents per share	Six months ended 31 December 2014 Total '000	Six months ended 31 December 2013 Cents per share	Six months ended 31 December 2013 Total '000
Fully paid ordinary shares				
Interim dividend	25.0	75,033	22.5	52,227

In respect of the six months ended 31 December 2014, the Directors declared the payment of an interim dividend of 25.0 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares to be paid on 10 April 2015. This dividend will be paid to all shareholders recorded on the Register of Members on 18 March 2015.

Section 3 - Capital management and financing

This section outlines how the IOOF Group manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets.

The IOOF Group's objectives when managing capital are to safeguard the ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.

During the period, the IOOF Group refinanced its borrowings to facilitate the acquisition of SFG. The IOOF Group entered into a Syndicated Facility Agreement and repaid all previous borrowings, including those held by SFG prior to joining the IOOF Group. The total facility drawn is $207.4m repayable in 3-5 years.

3-1 Borrowings

This note provides information about the contractual terms of the IOOF Group's interest-bearing borrowings, which are measured at amortised cost.

	31 Dec 14 $'000	30 Jun 2014 $'000
Syndicated borrowing facilities	206,489	110,000
Finance lease liabilities	1,803	1,059
	208,292	111,059

3-2 Share capital

	31 Dec 14 $'000	30 Jun 2014 $'000
300,133,752 fully paid ordinary shares (30 June 2014: 232,118,034)	1,445,433	868,084
606,158 treasury shares (30 June 2014: 960,841)	(5,386)	(8,119)
	1,440,047	859,965

Issue of ordinary shares

On 6 August 2014, SFG joined the IOOF Group in accordance with the Scheme of Arrangement. To facilitate the share component of the Scheme Consideration, the IOOF Group issued 68,015,718 fully paid ordinary shares in the Company on 21 August 2014.

Issue of performance rights

During the six months, the Company issued the following performance rights to executives:

Recipients	Rights Issued #	Fair Value $
Managing Director	75,000	5.30
Senior Management	200,000	5.53

Section 3 - Capital management and financing

3-2 Share capital (continued)

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.
The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	Six months ended 31 Dec 14		Year ended 30 June 2014	
	No. '000	$'000	No. '000	$'000
Ordinary shares				
On issue at 1 July	232,118	868,084	232,118	869,269
Issued in business combination	68,016	581,535	-	-
Transaction costs of issuing new shares	-	(11)	-	-
Issue of shares on exercise of options under executive and employee share option plan	-	2,618	-	9,600
Transfer from employee equity-settled benefits reserve on exercise	-	7,170	-	3,585
Treasury shares transferred to employees during the period	-	(13,720)	-	(14,050)
On-market purchase of shares transferred to option and rights holders during the period	-	(243)	-	(320)
On issue at the end of the period	300,134	1,445,433	232,118	868,084
Treasury shares				
On issue at 1 July	(961)	(8,119)	(836)	(6,948)
Purchase of treasury shares	(1,250)	(10,987)	(1,763)	(15,221)
Treasury shares transferred to employees during the period	1,605	13,720	1,638	14,050
On issue at the end of the period	(606)	(5,386)	(961)	(8,119)
	299,528	1,440,047	231,157	859,965

3-3 Capital commitments and contingencies

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 IOOF Group does not consider that the outcome of any other 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 2014.

3-4 Reserves

	31 Dec 14	30 Jun 2014
	$'000	$'000
Available-for-sale investment revaluation reserve	5,132	4,411
Business combinations reserve	(326)	(326)
Share buy-back revaluation reserve	(19,486)	(16,192)
Foreign currency translation reserve	18	3
Share-based payments reserve	1,901	7,648
	(12,761)	(4,456)

Section 4 - Operating assets and liabilities

This section shows the assets used to generate the IOOF Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.

4-1 Acquisitions

On 6 August 2014, SFG joined the IOOF Group via a scheme of arrangement. SFG is a leading non-aligned client focused financial advice and end-to-end wealth management firm. SFG provides services high net worth and affluent clients including strategic financial advice, portfolio administration solutions, portfolio construction and management services, insurance (both general and risk) solutions, finance broking, stockbroking, corporate superannuation, accounting and tax services.

The IOOF Group acquired all of the ordinary shares in SFG for a total cash consideration of $76.7 million and the issue of 68,015,718 shares in the Company to former SFG shareholders. The IOOF Group entered into a Debt Facility for $100 million to fund the cash consideration component of the scheme of arrangement and transition costs.

In the period from acquisition to 31 December 2014, SFG contributed revenue of $76,595,000 and a profit of $16,661,000 to the IOOF Group's results. This excludes integration and transaction costs of $3,996,000.

If the acquisition had occurred on 1 July 2014, management estimates that the consolidated revenue would have been $477,021,000 and consolidated profit for the period would have been $71,507,000. In determining these amounts, management have assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2014.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred	**$'000**
Cash	76,661
Equity instruments (i)	581,535
Total consideration	658,196
Cash balances acquired	(40,882)
Consideration, net of cash acquired	617,314

(i) Equity instruments issued

68,015,718 shares in the Company were issued to SFG shareholders. The fair value of the ordinary shares issued was based on the volume weighted average share price of the Company calculated in accordance with the Scheme Implementation Agreement of $8.55 per share.

Acquisition-related costs

The IOOF Group incurred acquisition-related costs of $5.7 million on legal fees and due diligence costs. These costs have been included in Other Expenses in note 2-3.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	$'000
Cash	40,882
Receivables	22,477
Investments accounted for using the equity method	2,368
Other financial assets	603
Property and equipment	3,497
Other assets	1,841
Deferred tax assets	5,961
Payables	(26,665)
Borrowings	(21,283)
Current tax liabilities	(740)
Other financial liabilities	(11,329)
Provisions	(10,400)
Deferred tax liabilities	(1,115)
Total identifiable net assets acquired	**6,097**

Section 4 - Operating assets and liabilities

4-1 Acquisitions (continued)

Provisional goodwill and intangibles

At the date of the interim financial report, the acquisition accounting balances are provisional due to ongoing work finalising valuations of identifiable intangibles which may impact acquisition accounting entries.

Provisional goodwill and intangibles have been recognised as a result of the acquisition as follows:

	$'000
Total consideration	658,196
Fair value of assets assumed	(6,097)
Provisional goodwill and intangibles acquired	**652,099**

The goodwill is attributable mainly to the skills and technical talent of SFG's work force and the synergies expected to be achieved from integrating SFG into the IOOF Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes. The provisional goodwill also includes the value of customer relationships and brand names.

4-2 Equity-accounted investees

	31 Dec 2014 $'000	30 Jun 2014 $'000
Investment in associated entities	27,436	26,910

	31 Dec 2014 $'000
Carrying value	
Carrying value at beginning of period	26,910
Disposals	(1,021)
Acquired in business combination	2,368
Dividends from equity-accounted investees	(4,127)
Share of profits of associates accounted for using the equity method (net of tax)	3,306
Balance at 31 December	27,436

The IOOF Group has interest in a number of associates. The only material investment is in Perennial Value Management Ltd (PVM). The IOOF Group owns 52.4% (2013: 52.4%) of the equity interests but has less than 50% of the voting rights. The IOOF Group has determined that it does not have control but has significant influence because it has representation on the board of the investee.

4-3 Intangible assets (other than goodwill)

	31 Dec 2014 $'000	30 Jun 2014 $'000
Cost	391,593	396,841
Accumulated amortisation and impairment losses	(121,302)	(108,200)
	270,291	288,641

	IT Development $'000	Computer software $'000	Customer relationships $'000	Brand names $'000	Other Intangibles $'000	Total $'000
Carrying value at 1 July 2014	11,053	8,364	238,800	20,549	9,875	288,641
Additions	921	31	118	-	-	1,070
Disposals	-	-	(508)	-	(314)	(822)
Transfer hardware projects to property and equipment	(5,517)	-	-	-	-	(5,517)
Amortisation expense	(781)	(1,004)	(10,021)	(400)	(875)	(13,081)
Carrying value at 31 December	5,676	7,391	228,389	20,149	8,686	270,291

Section 4 - Operating assets and liabilities

4-4 Goodwill

	31 Dec 2014 $'000	30 Jun 2014 $'000
Cost	1,247,401	595,099
Accumulated impairment	(17,009)	(17,009)
Net carrying value of goodwill	1,230,392	578,090
Carrying value at beginning of period	578,090	578,090
Acquisition of SFG	652,099	-
Acquisition of adviser business	203	-
Balance at end of period	1,230,392	578,090

4-5 Provisions

	31 Dec 2014 $'000	30 Jun 2014 $'000
Directors retirement	451	418
Onerous contracts	1,871	1,898
Employee entitlements	47,576	44,783
Other provisions	1,895	1,552
	51,793	48,651

Section 5 - Statutory funds

A subsidiary of the Company, IOOF Ltd, is a friendly society in accordance with the Life Insurance Act 1995. Balances below are disclosed inclusive of amounts collected/receivable from or paid/payable to IOOF Group entities. These funds are not available to shareholders.

5-1 Assets relating to statutory funds

	Statutory	
	31 Dec 2014 $'000	30 Jun 2014 $'000
Cash at bank	4,949	3,202
Receivables	9,366	10,581
Shares in listed companies	15,228	17,491
Unlisted unit trusts	831,687	826,861
Derivatives	-	45
Loans to policyholders	12,319	11,485
Margin accounts	-	606
Investments backing policyholder liabilities designated at fair value through profit or loss	873,549	870,271

Assets 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.

Accordingly, with the exception of permitted profit distributions, the investments held in the statutory funds are not available for use by other parties of the IOOF Group.

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

Section 5 - Statutory funds

5-2 Liabilities relating to statutory funds

	Statutory	
	31 Dec 2014 $'000	30 Jun 2014 $'000
Payables	1,743	1,657
Seed capital	7,153	7,153
Deferred tax liabilities	15,359	14,404
Investment contracts liabilities with DPF	349,263	366,838
Investment contract liabilities	497,035	476,471
Non-controlling interests in controlled trusts	2,996	3,748
	873,549	870,271

Policy liabilities have been determined in accordance with applicable accounting standards. Policy liabilities for investment contracts are valued in accordance with AASB 1038, whereas life investment contracts are valued in accordance with AASB 139 and AASB 118. There are differences between the valuation requirements of the accounting standards and those of the Life Insurance Act 1995.

5-3 Contribution to profit or loss from statutory funds

	Statutory	
	31 Dec 14 $'000	31 Dec 13 $'000
Statutory fund revenue		
Interest income	269	256
Dividends and distributions received	13,070	13,138
Net fair value gains/(losses) on other financial assets designated as fair value through profit or loss	6,892	42,668
Net gains(losses) on foreign exchange	-	88
Investment contracts with DPF:		
Contributions received - investment contracts with DPF	5,213	5,937
DPF policyholder liability decrease	17,576	15,540
Non - DPF policyholder liability (decrease)/increase	(9,274)	(34,034)
Other fee revenue	2,287	2,060
	36,033	**45,653**
Statutory fund expenses		
Service and marketing fees expense	6,655	6,332
Direct operating expenses	45	45
Investment contracts with DPF:		
Benefits and withdrawals paid	24,253	24,452
Termination bonuses	76	65
Distribution to policyholders	253	89
Interest	60	94
	31,342	**31,077**
Income tax	**4,691**	**14,576**
Net contribution to profit or loss from statutory funds	-	-

Section 6 - Basis of preparation

This section sets out the IOOF Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a single note, the policy is described in the note to which it relates. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in 2015 or later years. We explain how these changes are expected to impact the financial position and performance of the IOOF Group.

6-1 Reporting entity

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 report of the Company as at and for the six months ended 31 December 2014 comprise the Company and its controlled entities and the IOOF Group's interests in associates.

The IOOF Group is a for-profit entity and is primarily involved in the provision of wealth management services.

The consolidated financial statements of the IOOF Group as at and for the year ended 30 June 2014 are available upon request from the Company's registered office or at www.ioof.com.au

6-2 Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with AASB 134 Interim Financial Reporting, Corporations Act 2001 and with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the IOOF Group since the last annual consolidated financial statements as at and for the year ended 30 June 2014. This condensed consolidated interim financial report does not include all of the information required for full annual financial statements.

This condensed consolidated interim financial report was approved by the Board of Directors on 26 February 2015.

(b) Use of estimates and judgements

The preparation of interim financial statements 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 IOOF Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2014.

6-3 Other significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the IOOF Group’s consolidated financial statements as at and for the year ended 30 June 2014.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

6-4 New standards and interpretations not yet adopted

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

New standards or amendments
IFRS 9 *Financial Instruments*
IFRS 15 *Revenue from Contracts with Customers*
IFRS 14 *Regulatory Deferral Accounts*
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

6-5 Subsequent events

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