



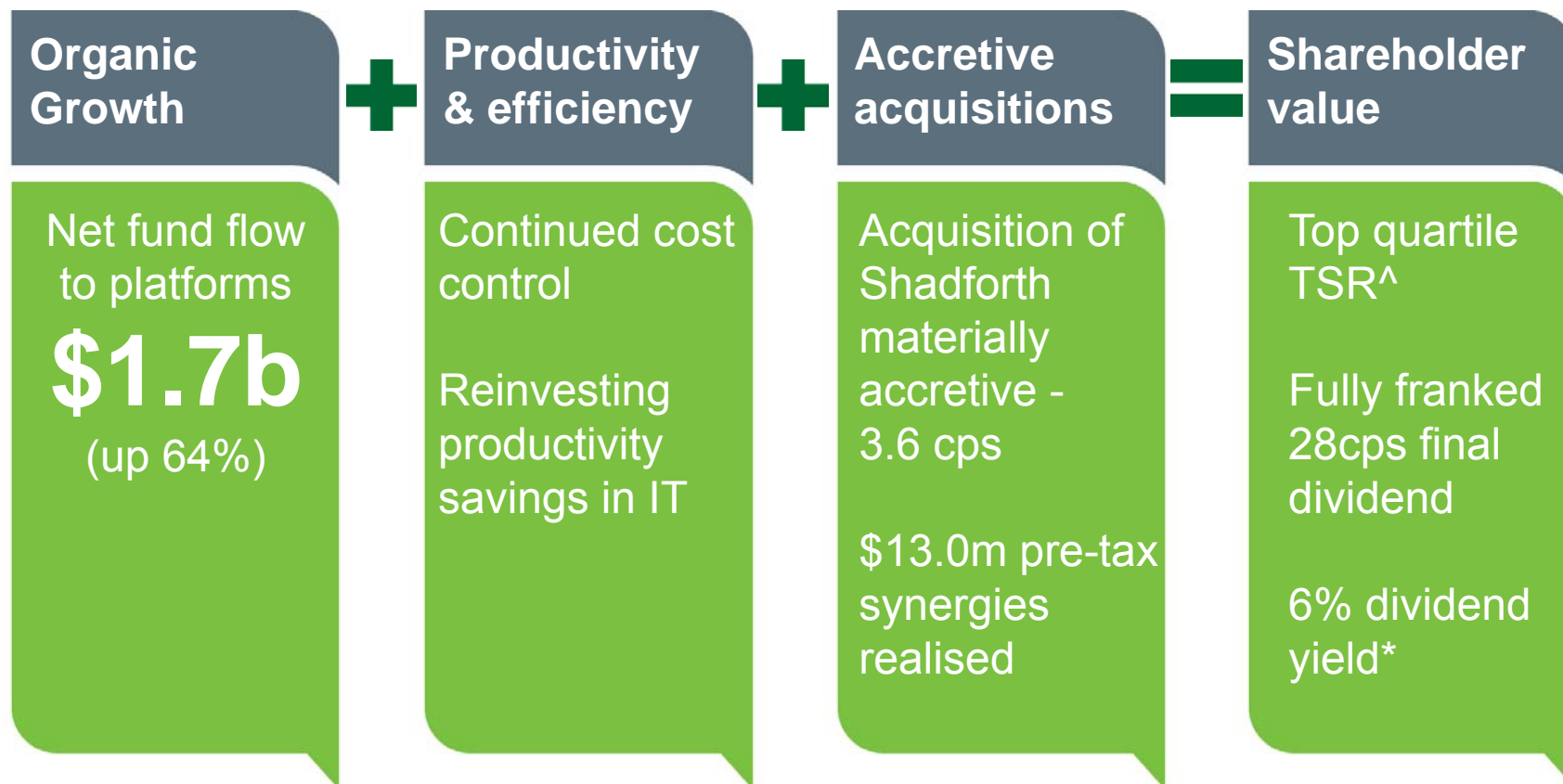
Annual results

30 June 2015

Presented by
Christopher Kelaher, Managing Director
David Coulter, Chief Financial Officer

28 August 2015

Creating shareholder value



IOOF record UNPAT up 41% to \$174m



Business change initiatives have been linked to our company strategy

**2009 – 2010
Avg EPS:
34.3cps**

Transformational merger with AWM and Skandia

Built scale and broadened IOOF's earnings profile

Platform rationalisation

**2011 – 2014
Avg EPS:
47.5cps**

Acquisitions boosted distribution footprint

Comprehensive regulatory response

Organic growth becomes evident

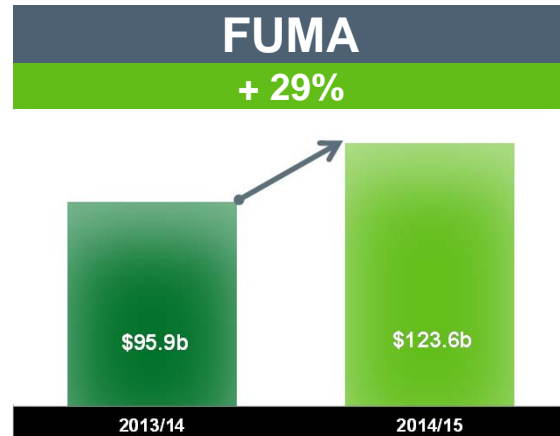
**2015
EPS: 59.9cps**

Scaled adviser centric business

Annual platform net flows approaching \$2b

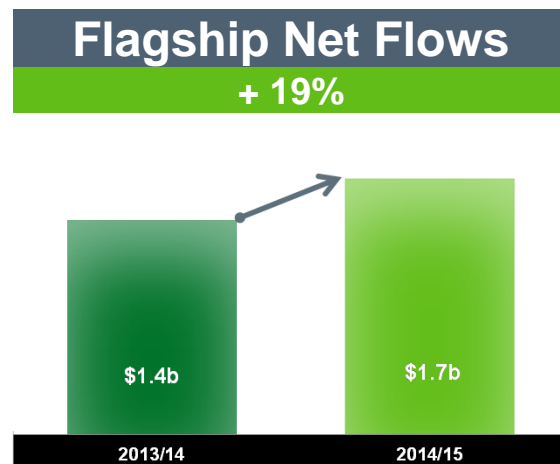
Shadforth acquisition confirms IOOF as top tier wealth manager

Strong organic growth



- Advice is fundamental to our service offerings and business proposition

- Meeting the needs of advisers and their clients generates strong flow and ongoing momentum



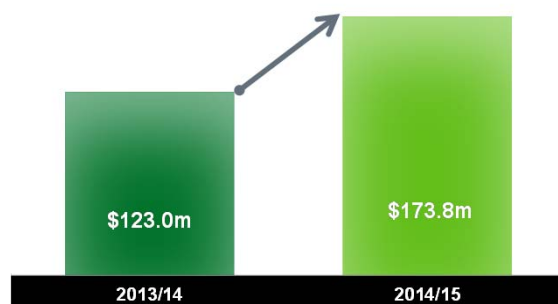
- Reinvesting our profitability in organic growth initiatives will generate significant future benefits

Record performance



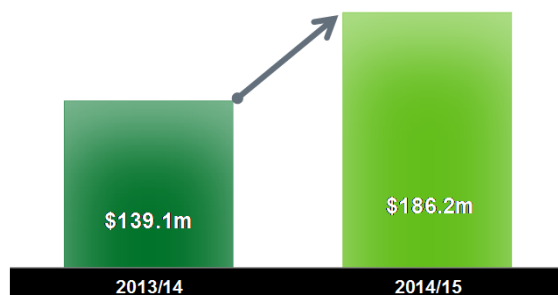
UNPAT

+ 41%



Operating Cash Flow

+ 34%



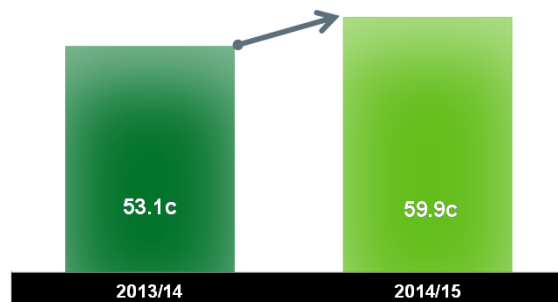
- Strong organic growth complemented by positive markets
- Disciplined management of costs with Cost to Income ratio of 57.5% down 1.4% on pcp
- Strong cash flow and low net debt → IOOF well-positioned to pursue a wide range of future opportunities

Outstanding returns to shareholders



Underlying EPS

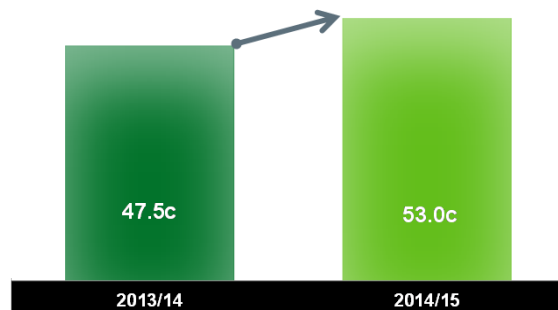
+ 13%



- 13% growth in EPS mirrored by historical experience - compounding growth of 15% since 2009
- Consistent dividend pay-out of 90% reflects strong cash flow generation

Dividend per share

+ 12%



Shadforth embedded and accretive



Shadforth is a leading client focused advice and wealth management firm

Remain on track to deliver \$20m pre-tax recurring synergies in FY16

Financial

3.6cps accretive in FY15
UNPAT up 21% on PCP*
\$13m pre-tax synergies realised^

Operating

Strong advice net flow of \$673m
Adviser numbers stable and clients engaged

Strategic

Enhanced scale
Diversified earnings base
Best Advice adopted across group

* PCP is pro-rata of Shadforth 2013/14 ^ \$8.3m Shadforth, \$4.7m Financial Advice segment

Growth across all businesses



Financial advice and distribution

UNPAT **\$25.1m** ↑ 39%

Benefiting from additional scale and Shadforth pricing uplift
New educational standards will deliver long-term benefits

Shadforth

UNPAT **\$44.8m** ↑ 21% (11 months)

Australia's premier high net worth client offering
An immediately accretive acquisition

Platform management and administration

UNPAT **\$84.3m** ↑ 5%

Strong recurring organic growth driver
Further consolidation of platforms to generate future efficiencies

Investment management

UNPAT **\$37.7m** ↑ 1%

Perennial rationalised, focusing on a strong multi-manager offering
Reduced exposure to volatile institutional funds flow

Trustee services

UNPAT **\$6.9m** ↑ 5%

Refreshed organic growth strategy targeting the eastern states
Strong long term sector growth prospects

Record platform growth achieved organically



64% increase in total Platform net flows to \$1.7b

Platform FUAdmin \$34.9b up \$2.9b since June 2014

Tenth consecutive quarter of total platform positive net flows

Understand our clients' and advisers' needs

Open architecture model

Develop valued insights

System simplification

Integrated service solutions



Financials

David Coulter
Chief Financial Officer

Financial overview



	IFL (ex-SFG)	Financing Costs	SFG	2014/15	2013/14	Change on pcg
Statutory NPAT				\$138.4m	\$101.3m	37%
Statutory Basic EPS (cents)				47.7cps	43.7cps	9%
Underlying EBITA	\$182.4m	-	\$64.2m	\$246.6m	\$170.5m	45%
Underlying NPAT	\$130.6m	\$(1.7m)	\$44.8m	\$173.8m	\$123.0m	41%
Underlying EPS (cents)	56.3cps	(0.6cps)	4.2cps	59.9cps	53.1cps	13%
FUMA	\$102.3b	-	\$21.3b	\$123.6b	\$95.9b	29%
Gross Margin %	0.41%	-	0.78%	0.48%	0.43%	5bps
Net Operating Margin %	0.19%	-	0.35%	0.22%	0.19%	3bps
Cost to Income %	57.8%	-	56.7%	57.5%	58.9%	-1.4%
Dividend per share (cents)				53.0cps	47.5cps	12%

- IOOF (ex-Shadforth) Underlying EBITA up 7% on PCP

P&L Breakdown



	IFL (ex-SFG)	Financing Costs	SFG	2014/15 \$'m	2013/14 \$'m	Change on pcg	
						\$'m	%
Gross Margin	408.9	-	147.5	556.4	389.6	166.7	43%
Other Revenue	35.6	-	2.7	38.3	36.8	1.5	4%
Operating Expenditure	(258.1)	-	(85.1)	(343.2)	(252.6)	(90.6)	-36%
Equity Accounted Profits	6.2	-	0.2	6.5	7.5	(1.0)	-13%
Net Non Cash	(10.3)	-	(1.1)	(11.4)	(10.7)	(0.6)	-6%
Underlying EBITA	182.4	-	64.2	246.6	170.5	76.0	45%
Net Interest	(0.9)	(2.4)	(0.9)	(4.2)	(0.0)	(4.2)	Large
Income Tax & NCI	(50.8)	0.7	(18.5)	(68.6)	(47.5)	(21.1)	-45%
Underlying NPAT	130.6	(1.7)	44.8	173.8	123.0	50.7	41%
Significant Items/Amortisation				(35.4)	(21.8)	(13.6)	-63%
Statutory NPAT				138.4	101.3	37.1	37%

- Gross margin growth of \$19.3m (ex Shadforth) driven by organic strategy
- Prudent and disciplined cost management remains a key feature

Debt position and ratios



	2014/15	2013/14
Gross Borrowings (\$'M)	207.8	111.1
Net Debt (\$'M)	57.3	1.6
Return on Equity (%)	13.4%	15.0%
Debt to Equity (%)	13.2%	12.2%
Net Debt to Underlying EBITDA (times)	0.2	-
Net Interest Cover (times)	61	-

- Increase in borrowings to fund Shadforth acquisition
- Surplus borrowing facility and substantial headroom in covenants
- Strength provides security and ability to capitalise on opportunities
- RoE will improve with growth and synergy realisation

Organic growth momentum



	2014/15	2013/14	% Change
Opening FUMA	\$95,937m	87,557m	
Flagship Platform net flows	\$1,716m	\$1,439m	+19%
Platform (Transition) net flows	(\$42m)	(\$419m)	+90%
Total Platform net flows	\$1,674m	\$1,020m	+64%
Investment Management net flows	(\$175m)	(\$680m)	+74%
Funds Under Advice net flows	\$1,481m	\$834m	+78%
Shadforth	\$1,103m	-	-
Acquired FUMA	\$19,542m	-	-
Divested FUM	(\$407m)	-	-
Investment returns / Other	\$4,402m	\$7,206m	-39%
Closing FUMA	\$123,559m	\$95,937m	+29%
Average FUMA	\$117,482m	\$93,210m	+26%

Segment performance



Platform

+ 5%



Avg. FUA \$33.9b + 11%
Net Operating Margin 0.37% - 2bps

Inv. Management

+ 1%



Avg. FUM \$32.0b + 3%
Net Operating Margin 0.16% - 1bps

Financial Advice

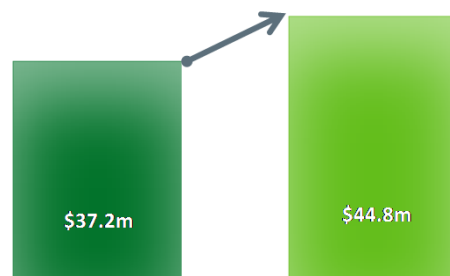
+ 39%



Avg. FUA \$34.2b + 8%
Net Operating Margin 0.12% + 1bps

Shadforth

+ 21%



Avg. FUMA \$20.6b + 10%
Net Operating Margin 0.35% + 4bps

Trustee

+ 5%



Avg. FUS \$26.9b - 10%
Net Operating Margin 0.04% + 1bps

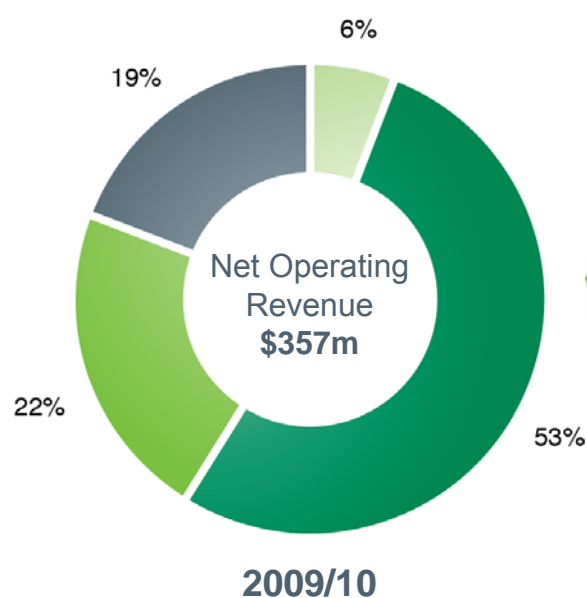
All segments
increased
underlying
profitability

Growing and diversifying earnings

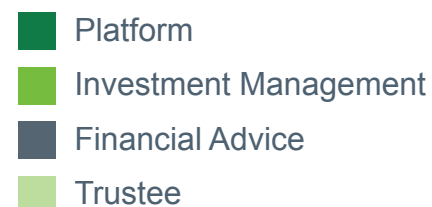
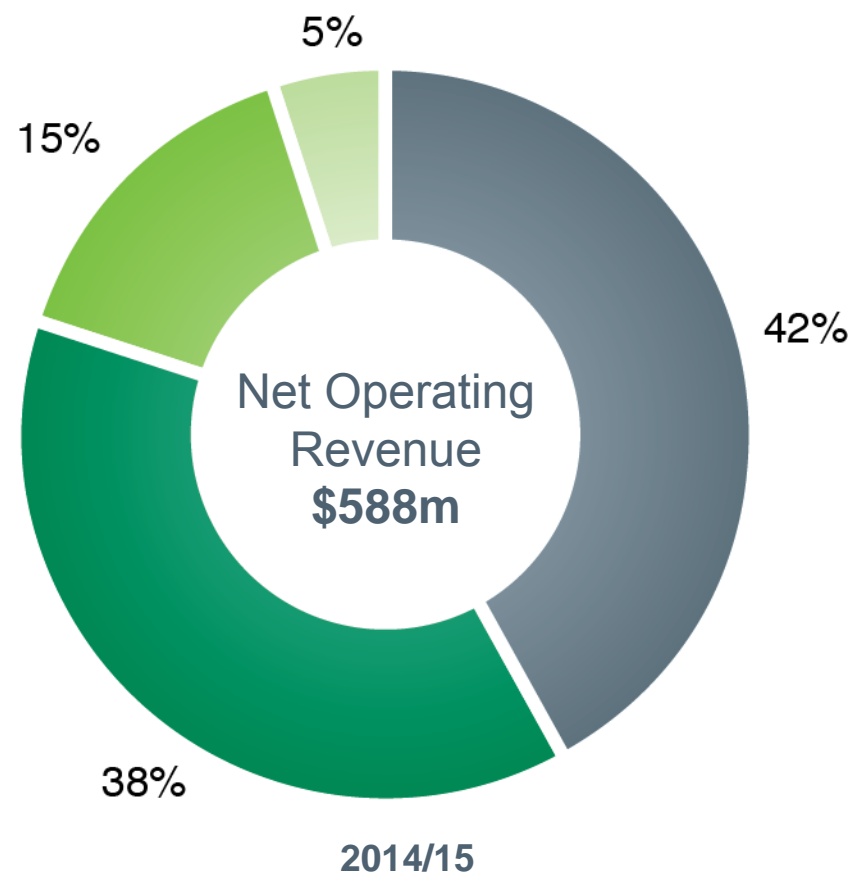


Key benefits of this shift

Higher quality earnings
Improved operating model
Strengthened balance sheet



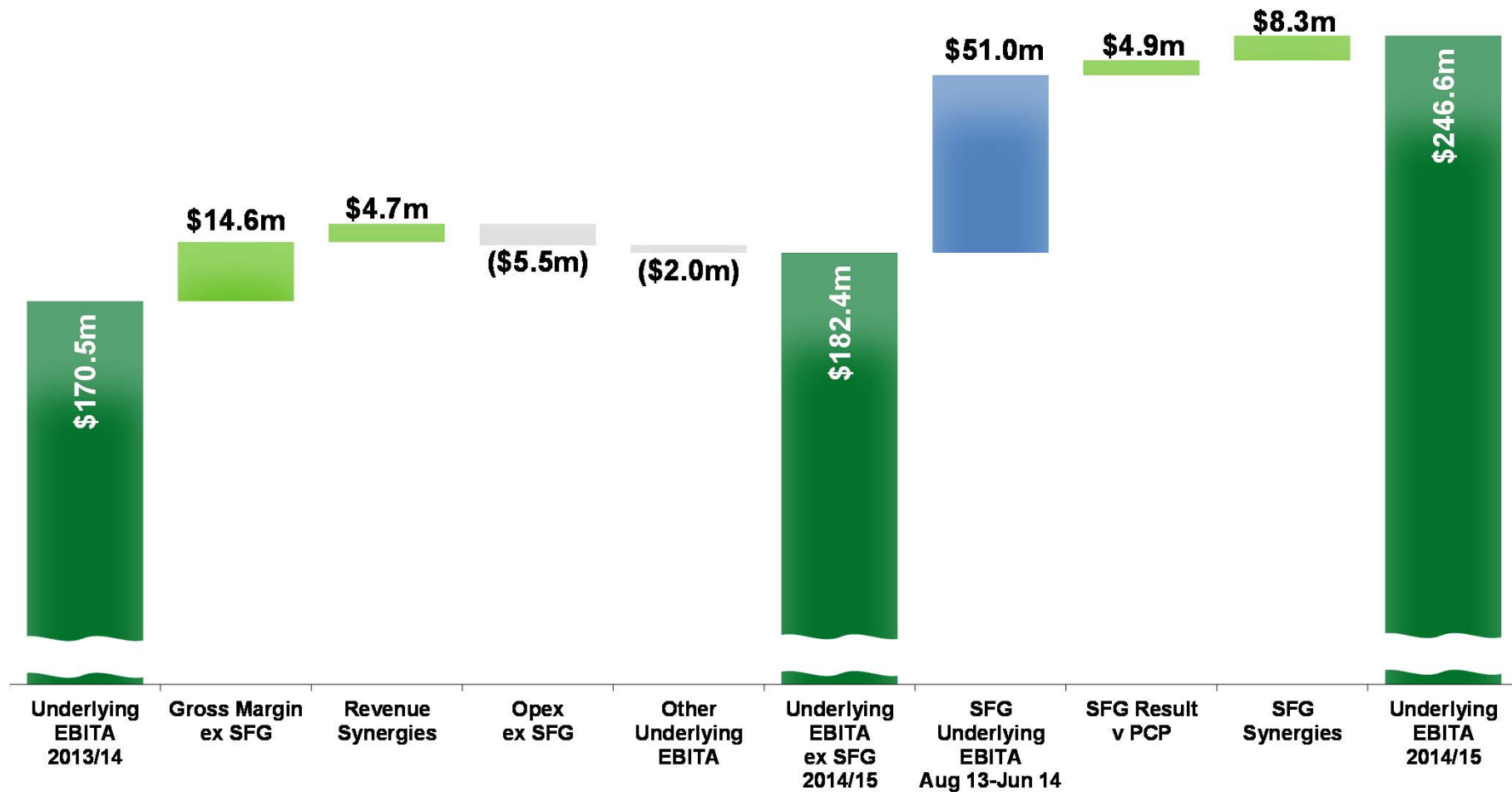
Strengthened
recurring
revenue base



M&A complements organic growth



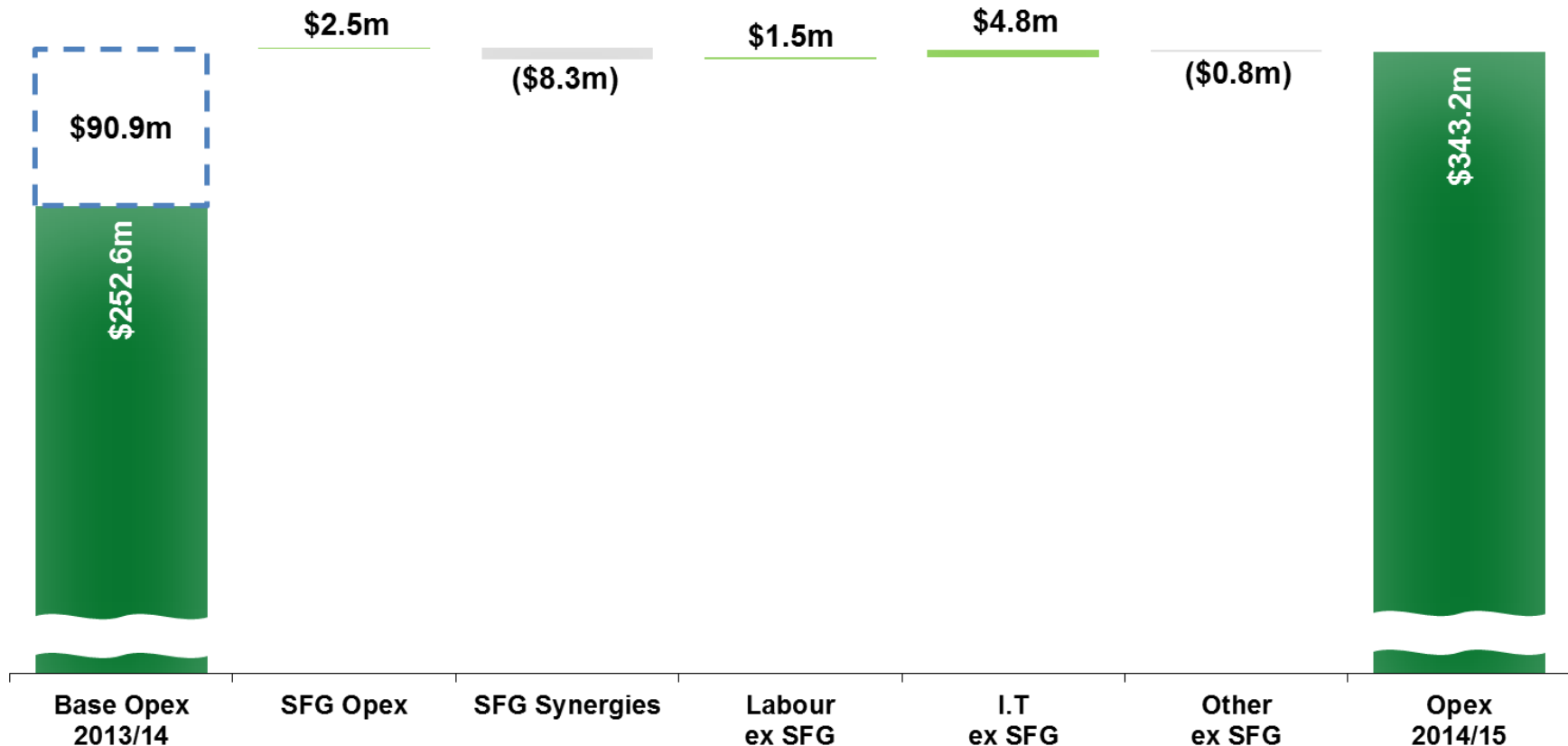
- Synergies realised through increased scale and removal of duplicated functions



Operating costs



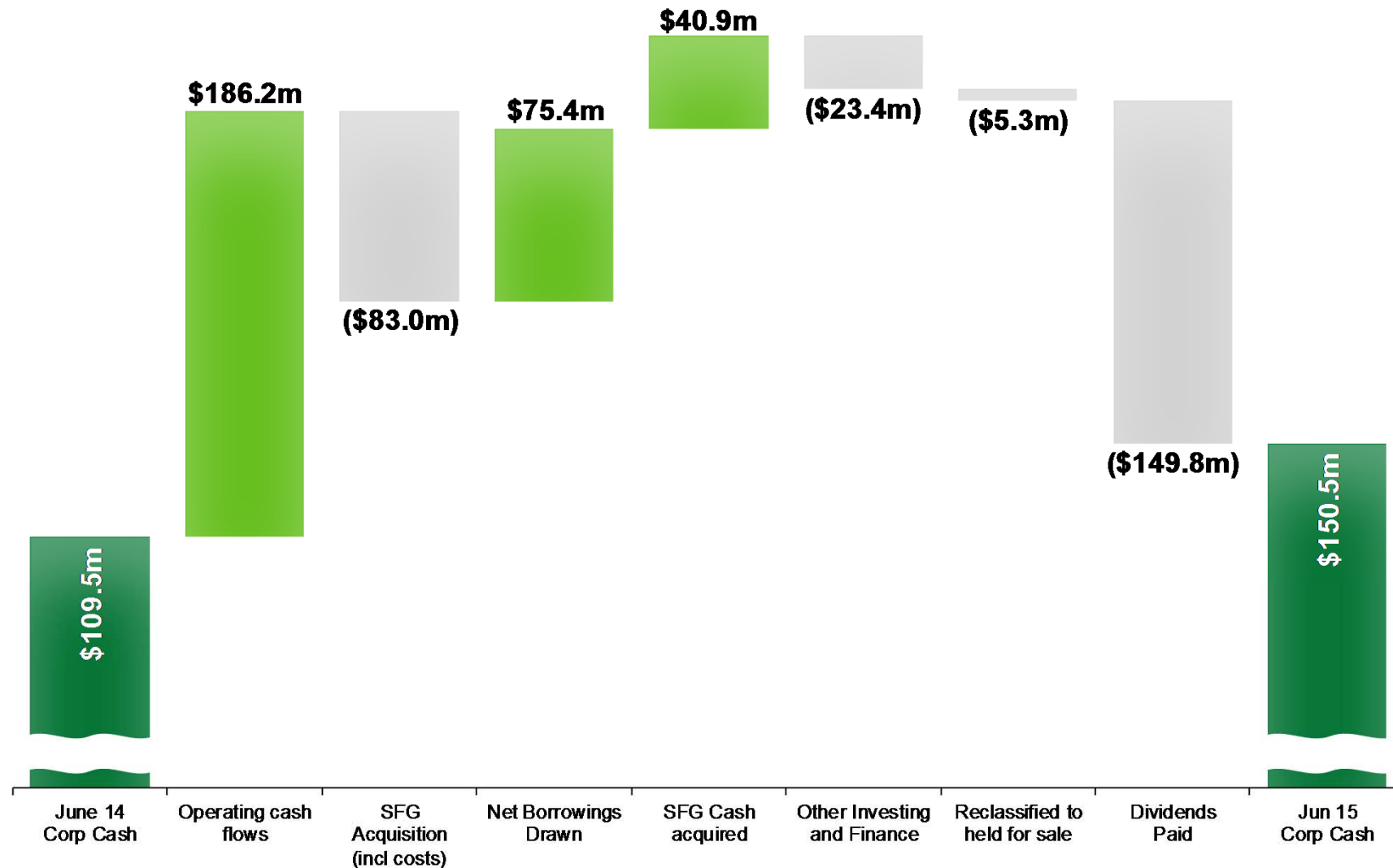
- Targeting organic growth through IT investment
- Labour cost increase below inflation
- All other costs (excl Shadforth) in aggregate below PCP



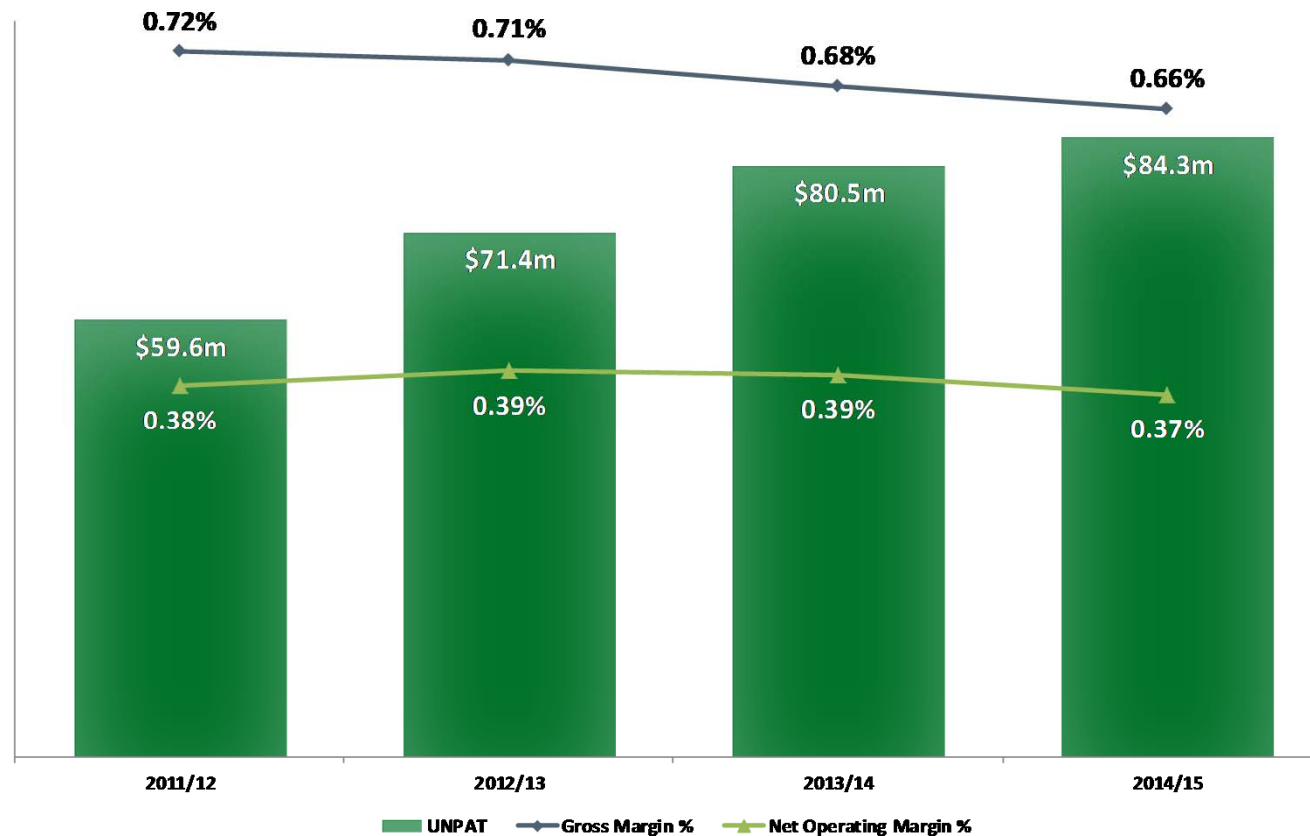
Generating strong free cash flow



- Operating cash flows up 34% on 2013/14

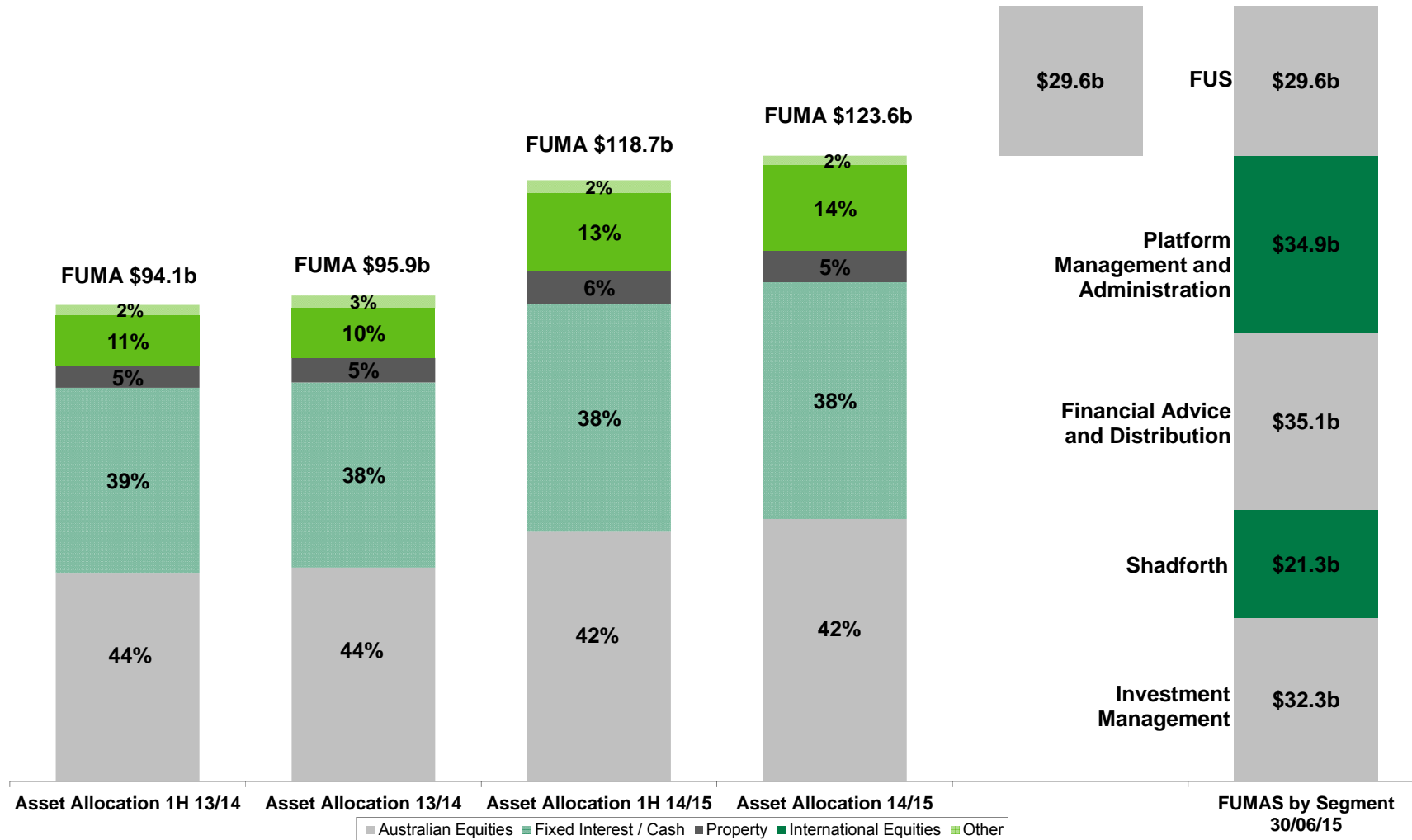


Platform profitability growth continues



- Profitability reinvested in IT to build a platform for future organic growth
- Margin is not simply about competition – newer products are more cost efficient
- Clients move into higher balance / lower fee tiers in a growing market

Group asset allocation





Strategy and outlook

Christopher Kelahe
Managing Director



Recent media coverage

Compliance and governance are an integral part of our business

Systems and controls are subject to continual review and improvement as part of ordinary course of business

PwC review has developed findings that will accelerate improvement

IOOF will adopt the recommendations

IOOF will provide findings to ASIC and APRA

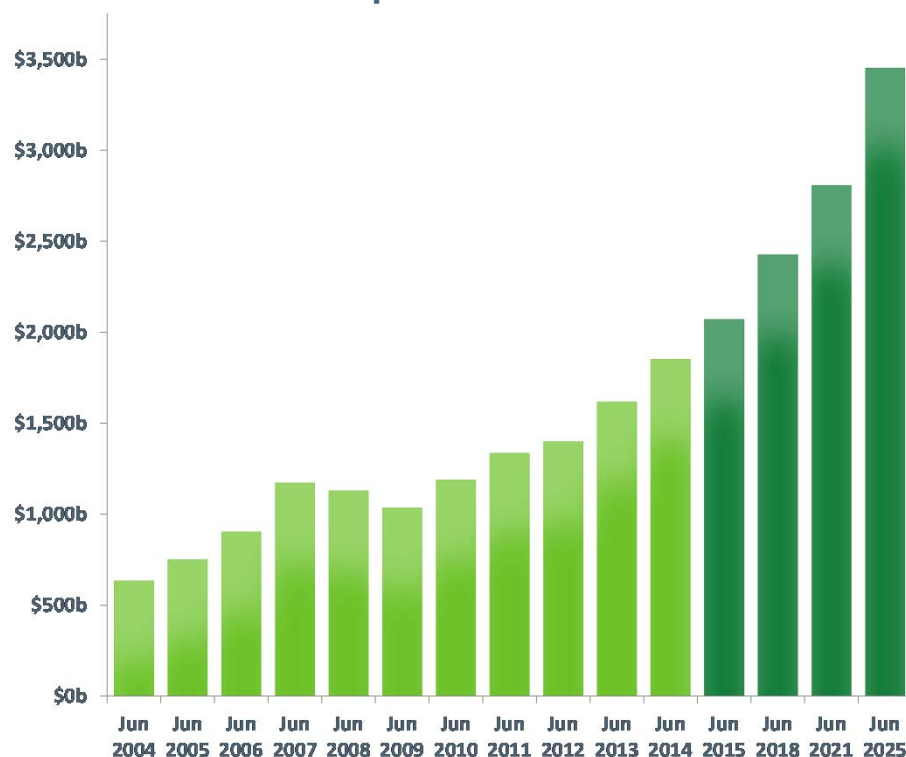
PwC will revisit adoption of recommendations in six months time

Positive industry fundamentals



Industry fundamentals underpinned by growing superannuation system

Total superannuation assets*



4th largest pension market globally[^]

Compulsory superannuation – SGC
9.5% - 12%

Ageing population

High per capital wealth

Complexity increases need for advice

Significant wealth transfers occurring

Bipartisan political approach to
superannuation

* Source: KPMG Supertrends, May 2015 ^ APRA superannuation statistics, December 2014



Strategy

Organic Growth

Client service differentiation
Partnerships with quality advisers

Productivity

Disciplined cost control
Efficiencies through scale, synergies and technology

Accretive Acquisition

Add value across value chain
Consistent delivery of timely value accretion

Opportunity

“Best advice”

Customer experience

Stable regulatory environment

Further consolidation of platforms to generate future efficiencies

Attractive opportunity set

Experienced, successful consolidator



Program aims:

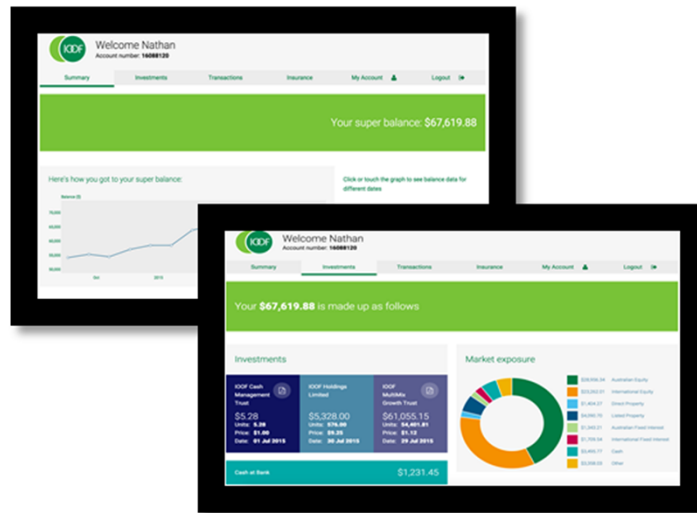
Unification of existing multi-advisory group approach

Support quality advice outcomes for clients

Standardise business processes and deliverables

Enhance adviser productivity and profitability

Improving customer experience



- New customer interface for flagship Employer Super platform
- Benefits flow to >250,000 members with additional members to benefit as legacy products transition

- Online trading and improved functionality to support more flexible cash flow allocation to investments
- Exploring potential opportunities in the disruptive fintech space





IOOF continues to deliver

- Recurring EPS growth
- Strong cash flows backing underlying profits
- Consistently strong dividend yield remains
- Improving adviser and client experience

Maintain vigilance over governance

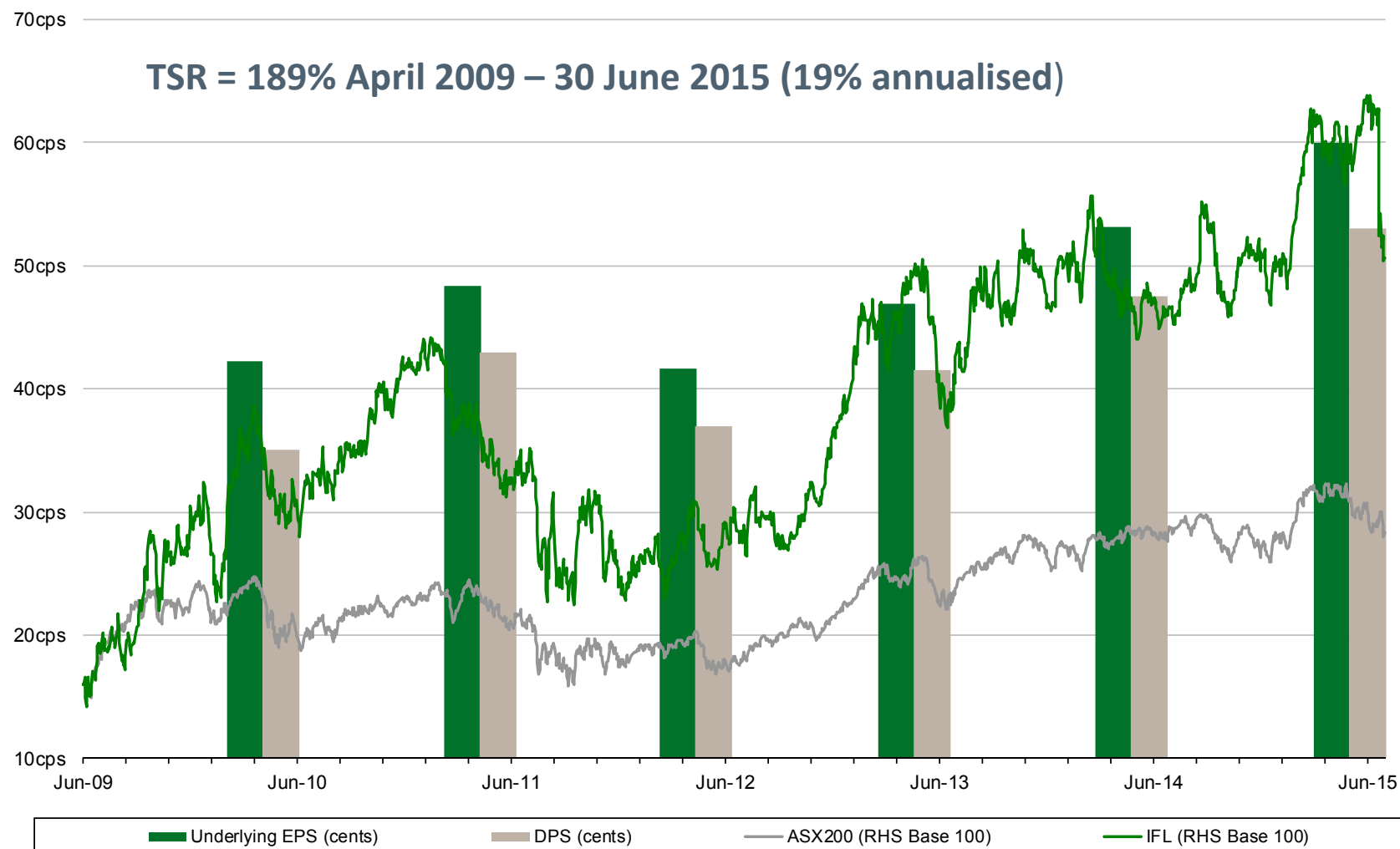
Industry fundamentals are strong including expected sustained future growth





Appendices

Appendix A: TSR



Appendix B: Statutory NPAT reconciliation



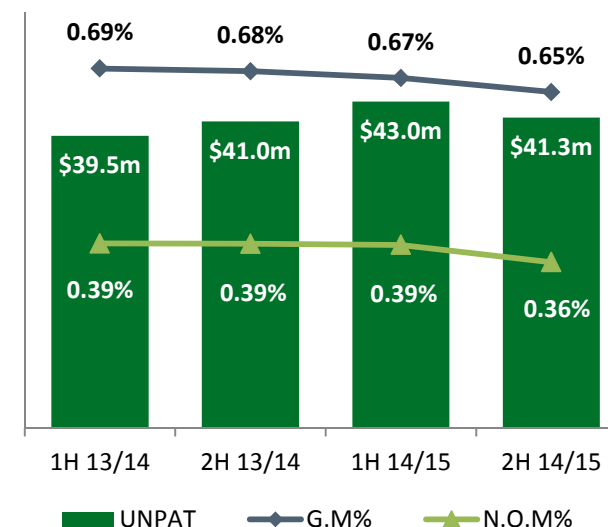
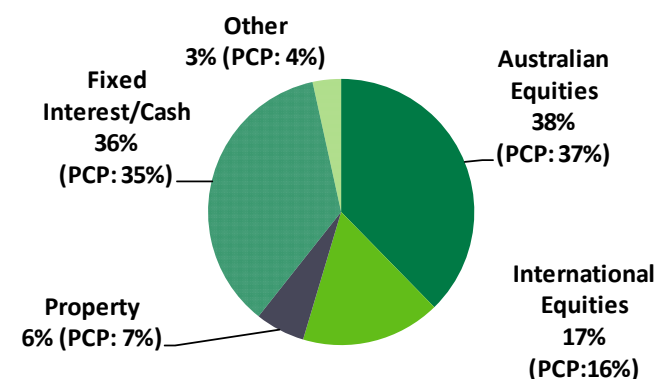
\$'M	2014/15	2013/14
Statutory NPAT	138.4	101.3
Amortisation of intangible assets	38.6	24.3
Acquisition and divestment transaction costs	6.4	1.8
Termination and retention incentive payments	5.9	4.9
Recognition of Shadforth onerous lease contracts	2.1	-
Impairment of Plan B brand name	1.4	-
Gain on disposal of subsidiaries and associates	(1.6)	-
Equity Trustees Ltd acquisition and divestment (inc dividends)	-	(1.0)
Unwind of deferred tax liability recorded on intangible assets	(9.7)	(5.5)
Reinstatement of Perennial non-controlling interests	(1.8)	(1.0)
Income tax attributable	(6.0)	(1.6)
UNPAT	173.8	123.0

- Amortisation and Shadforth integration have had a material impact on statutory NPAT

Appendix C: Segment performance - Platform



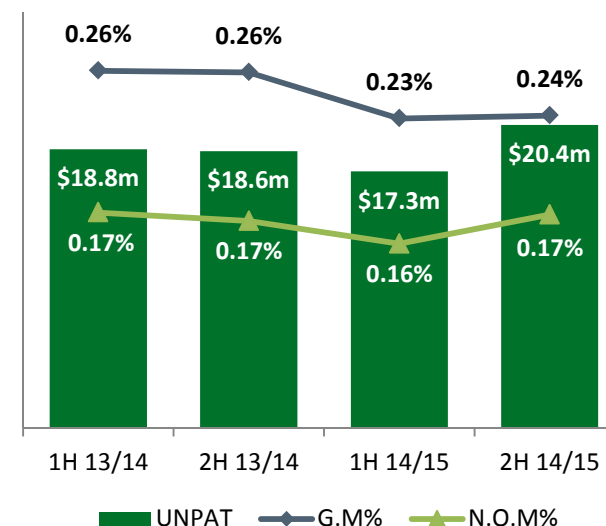
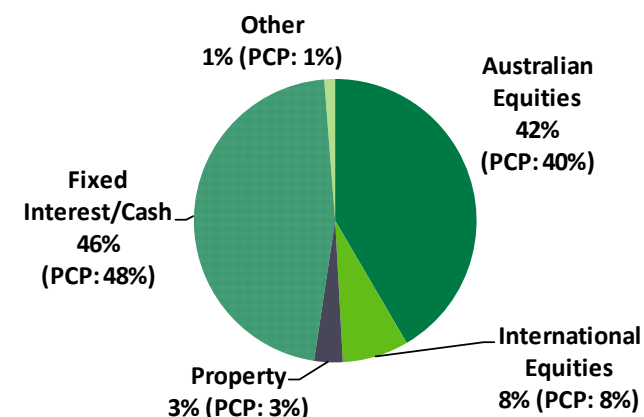
\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	411.3	388.8	6%
Direct Costs	(188.6)	(179.6)	-5%
Gross Margin (GM)	222.7	209.2	6%
GM %	0.66%	0.68%	
Other Revenue	-	0.0	-
Share of Equity profit/loss	(0.0)	0.0	-
Operating Expenditure	(96.1)	(89.6)	-7%
Net Non Cash	(4.3)	(3.5)	-24%
Net Interest	-	-	-
Income Tax Expense/N.C.I	(37.9)	(35.6)	-6%
UNPAT	84.3	80.5	5%
Average FUA (\$'b)	33.9	30.6	
Net Operating Margin %	0.37%	0.39%	



Appendix D: Segment performance - Investment Management



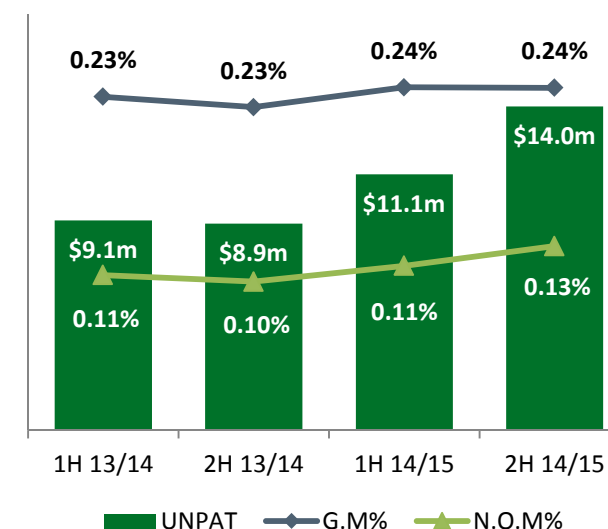
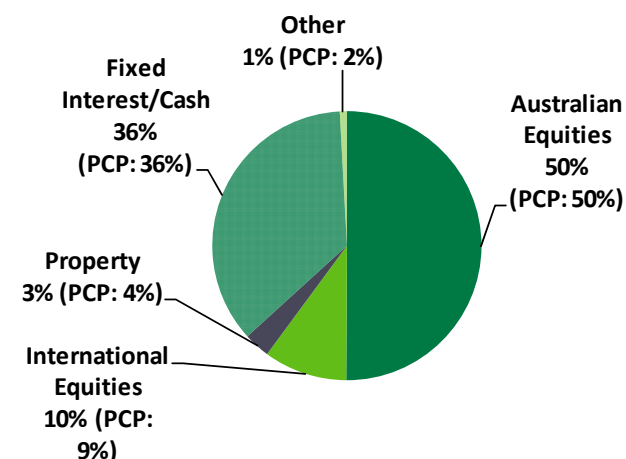
\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	123.6	133.4	-7%
Direct Costs	(48.7)	(51.9)	6%
Gross Margin (GM)	74.9	81.5	-8%
GM %	0.23%	0.26%	
Other Revenue	2.1	1.7	23%
Share of Equity profit/loss	5.1	6.1	-17%
Operating Expenditure	(29.6)	(36.0)	18%
Net Non Cash	(1.1)	(1.0)	-16%
Net Interest	0.4	0.2	56%
Income Tax Expense/N.C.I	(14.0)	(15.1)	7%
UNPAT	37.7	37.4	1%
Average FUM (\$'b)	32.0	31.0	
Net Operating Margin %	0.16%	0.17%	



Appendix E: Segment performance - Financial Advice & Distribution



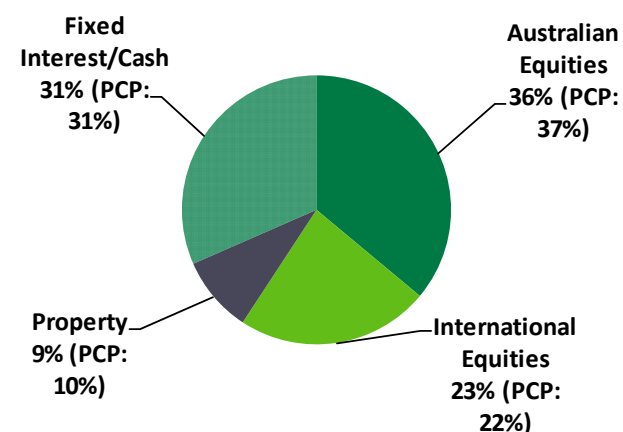
\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	195.8	176.5	11%
Direct Costs	(113.6)	(104.2)	-9%
Gross Margin (GM)	82.2	72.3	14%
GM %	0.24%	0.23%	
Other Revenue	33.9	34.4	-1%
Share of Equity profit/loss	1.2	1.3	-5%
Operating Expenditure	(75.5)	(74.6)	-1%
Net Non Cash	(3.8)	(5.1)	25%
Net Interest	0.8	1.0	-14%
Income Tax Expense/N.C.I	(13.8)	(11.4)	-21%
UNPAT	25.1	18.0	39%
Average FUA (\$'b)	34.2	31.6	
Net Operating Margin	0.12%	0.11%	



Appendix F: Segment performance - Shadforth



\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	167.7	160.2	5%
Direct Costs	(20.2)	(19.9)	-2%
Gross Margin (GM)	147.5	140.3	5%
GM %	0.78%	0.82%	
Other Revenue	2.7	3.2	-16%
Share of Equity profit/loss	0.2	0.3	-26%
Operating Expenditure	(85.1)	(90.9)	6%
Net Non Cash	(1.1)	(1.9)	43%
Net Interest	(0.9)	(0.2)	LARGE
Income Tax Expense/N.C.I	(18.5)	(13.7)	-36%
UNPAT	44.8	37.2	21%
Average FUMA (\$'b)	20.6	18.7	
Net Operating Margin %	0.35%	0.31%	

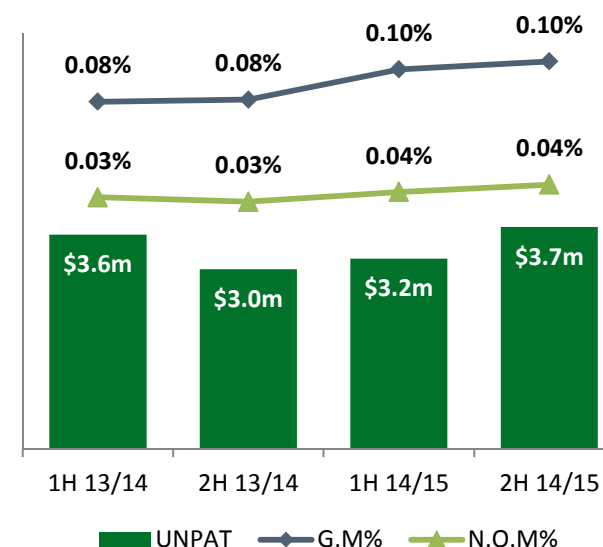


Appendix G: Segment performance

- Trustee Services



\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	27.8	26.0	7%
Direct Costs	0.0	(0.1)	-
Gross Margin (GM)	27.8	25.9	7%
GM %	0.10%	0.09%	
Other Revenue	0.0	0.0	-
Share of Equity profit/loss	-	-	-
Operating Expenditure	(17.7)	(16.3)	-8%
Net Non Cash	(0.2)	(0.2)	-11%
Net Interest	-	-	-
Income Tax Expense/N.C.I	(3.0)	(2.9)	-4%
UNPAT	6.9	6.6	5%
Average FUS (\$'b)	26.9	29.9	
Net Operating Margin %	0.04%	0.03%	



Appendix H: Corporate and other



\$'M	2014/15	2013/14	Change on pcp (%)
Revenue	0.9	0.7	29%
Direct Costs	0.0	(0.0)	N/A
Gross Margin (GM)	0.9	0.7	15%
Other Revenue	0.3	1.2	-79%
Share of Equity profit/loss	-	-	-
Operating Expenditure	(39.4)	(36.7)	-7%
Net Non Cash	(0.8)	(0.9)	14%
Net Interest	(4.6)	(1.2)	LARGE
Income Tax Expense/N.C.I	18.6	17.4	7%
UNPAT	(25.1)	(19.5)	-29%

APPENDIX I
RECONCILIATION OF SEGMENTS TO STATUTORY FINANCIALS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Statutory Note Ref.	Platform \$'m	Investment Management \$'m	Financial Advice & Distribution \$'m	SFG \$'m	Trustee Services \$'m	Corporate and other \$'m	2014/15 \$'m	2013/14 \$'m
Gross Margin									
Management and Service fees revenue	2-3	401.7	121.6	183.4	156.3	24.3	-	812.9	628.1
Other Fee Revenue	2-3	9.6	1.9	12.4	11.3	3.4	0.9	39.4	27.6
Service and Marketing fees expense	2-4	(181.5)	(42.1)	(111.8)	(9.5)	(0.0)	(0.0)	(270.9)	(251.1)
Other Direct Costs	2-4	(4.9)	(6.6)	(0.9)	(10.7)	0.1	0.0	(23.0)	(12.5)
Amortisation of deferred acquisition costs	2-4	(2.2)	-	(0.9)	-	-	-	(2.0)	(2.6)
Total Gross Margin		222.7	74.9	82.2	147.5	27.8	0.9	556.4	389.6
Other Revenue									
Stockbroking revenue	2-3	-	-	71.9	1.8	-	-	73.2	74.3
Stockbroking service fees expense	2-4	-	-	(41.7)	-	-	-	(41.7)	(42.9)
Dividends and distributions received	2-3	-	-	-	0.0	-	0.7	0.8	1.1
Net fair value gains/(losses) on other financial assets at fair value through profit or loss	2-3	-	-	-	0.0	-	0.0	0.0	(0.3)
Profit on sale of financial assets	2-3	-	0.6	0.1	0.3	-	1.1	2.1	1.7
Other revenue	2-3	-	2.0	2.9	0.6	0.0	0.0	5.4	4.2
Other Revenue adjustments	Below	-	(0.5)	0.6	-	-	(1.7)	(1.6)	(1.3)
Total Other Revenue		-	2.1	33.9	2.7	0.0	0.3	38.3	36.8
Equity Accounted Profits									
Share of profits of associates and jointly controlled entities accounted for using the equity method	SOCI*	(0.0)	5.1	1.2	0.2	-	-	6.5	7.5
Total Equity Accounted Profits		(0.0)	5.1	1.2	0.2	-	-	6.5	7.5
Operating Expenditure									
Salaries and related employee expenses	2-4	(12.4)	(14.1)	(38.9)	(59.6)	(10.7)	(77.4)	(213.2)	(152.2)
Employee defined contribution plan expense	2-4	(0.8)	(0.9)	(2.6)	(4.0)	(0.8)	(5.6)	(14.6)	(10.7)
Information technology costs	2-4	(0.2)	(1.7)	(12.8)	(7.5)	(0.6)	(28.5)	(51.4)	(39.0)
Professional fees	2-4	(0.2)	(0.6)	(1.6)	(1.7)	(0.2)	(2.8)	(7.3)	(5.3)
Marketing	2-4	(1.1)	(0.4)	(4.1)	(0.8)	(0.1)	(3.5)	(9.8)	(9.1)
Office support and administration	2-4	(0.2)	(0.4)	(5.1)	(3.8)	(0.4)	(7.9)	(17.9)	(14.8)
Occupancy related expenses	2-4	(0.0)	(1.2)	(6.5)	(6.5)	(0.1)	(8.3)	(22.6)	(16.2)
Travel and entertainment	2-4	(0.9)	(0.5)	(1.4)	(1.2)	(0.3)	(2.0)	(6.3)	(5.2)
Corporate recharge	N/A	(80.3)	(10.5)	(1.7)	0.0	(4.4)	96.9	-	-
Other	2-4	-	0.8	(0.7)	(0.0)	-	(0.2)	(0.1)	(0.1)
Total Operating Expenditure		(96.1)	(29.5)	(75.5)	(85.1)	(17.7)	(39.4)	(343.2)	(252.6)
Loss on disposal of non-current assets	2-4	-	(0.0)	(0.0)	-	-	-	(0.1)	(0.1)
Total Operating Expenditure		(96.1)	(29.6)	(75.5)	(85.1)	(17.7)	(39.4)	(343.2)	(252.6)
Net non cash (Ex. Amortisation from acquisitions)									
Share based payments expense	2-4	(0.8)	(0.4)	(1.6)	0.0	(0.0)	(0.8)	(3.6)	(5.5)
Depreciation of property, plant and equipment	2-4	(1.9)	(0.8)	(2.2)	(1.1)	(0.2)	(0.0)	(6.2)	(4.1)
Amortisation of intangible assets - IT development	2-4	(1.7)	-	-	-	-	-	(1.7)	(1.2)
Total Net non cash (Ex. Amortisation from acquisitions)		(4.3)	(1.1)	(3.8)	(1.1)	(0.2)	(0.8)	(11.4)	(10.7)
Net Interest									
Interest income on loans to directors of controlled and associated entities	2-3	-	0.4	0.0	-	-	0.3	0.4	0.4
Interest income from non-related entities	2-3	-	0.3	0.9	0.8	-	2.1	4.1	3.0
Finance Costs	SOCI*	-	(0.3)	(0.1)	(1.7)	-	(6.9)	(8.7)	(3.5)
Total Net Interest		-	0.4	0.8	(0.9)	-	(4.6)	(4.2)	(0.0)
Income Tax & NCI									
Non-controlling Interest	SOCI*	-	-	(2.2)	-	-	0.0	(2.2)	(2.1)
Income tax expense	SOCI*	(37.8)	(9.8)	(10.0)	(12.7)	(3.0)	24.4	(49.0)	(37.2)
Income tax expense/NCI adjustments	Below	(0.0)	(2.4)	(1.7)	(5.8)	(0.0)	(5.8)	(17.4)	(8.2)
Total Income Tax & NCI		(37.9)	(14.0)	(13.8)	(18.5)	(3.0)	18.6	(68.6)	(47.5)
Underlying NPAT (pre-amortisation of intangible assets)		84.3	37.7	25.1	44.8	6.9	(25.1)	173.8	123.0
Significant Items									
Acquisition and divestment transaction costs	2-4							(6.4)	(1.8)
Termination and retention incentive payments	2-4							(5.9)	(4.9)
Recognition of Shadforth onerous lease contracts	2-4							(2.1)	-
Impairment of Plan B brand name	2-4							(1.4)	-
Gain on disposal of subsidiaries and associates	2-3							1.6	-
Equity Trustees Ltd acquisition and divestment (inc dividends)	N/A							-	1.0
Income tax expense/NCI adjustments									
Unwind of deferred tax liability recorded on intangible assets	N/A							9.7	5.5
Reinstatement of Perennial non-controlling interests	N/A							1.8	1.0
Income tax attributable	N/A							6.0	1.6
Total Significant Items - Net of Tax								3.2	2.5
Amortisation of intangible assets	2-4							(38.6)	(24.3)
Reported Profit/(Loss) per financial statements								138.4	101.3
* SOCI = Statement of Comprehensive Income									

Note: Segment results include inter-segment revenues and expenses eliminated on consolidation

Appendix J: Earnings per share



IFL - Averaged Weighted Number of Shares on Issue						
EARNINGS PER SHARE CALCULATION						
Year ended 30 Jun 2015						
Ordinary Shares - Opening Balance						232,118,034
From	To	Days	Share Issue	Shares on Issue	Weighted average	
01-Jul-14	20-Aug-14	51	-	232,118,034	32,432,931	
21-Aug-14	30-Jun-15	314	68,015,718	300,133,752	258,197,255	
Weighted Average Treasury shares						(734,632)
Ordinary Shares - Closing Balance						300,133,752
Weighted Average shares on issue						289,895,554
					Statutory	Underlying
Net Profit Attributable to Members of the parent entity					\$ 138,371,000	\$ 173,758,000
Basic Earnings Per Share					47.7	59.9

Appendix K: Explanation of items removed from UNPAT



In calculating its Underlying Net Profit After Tax pre-amortisation (UNPAT), the Group reverses the impact on profit of certain, predominantly non cash, items to enable a better understanding of its operational result. A detailed explanation for all such items is provided below.

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 Shadforth 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.

Recognition of Shadforth onerous lease contracts: Non-cash entry to record the estimated present value of expected costs of meeting the obligations under contracts where the costs exceed the economic benefits expected to be received pursuant to the contracts.

Impairment of Plan B brand name: Non-cash entry which reflects a one-off decision to cease use of the Plan B brand given the cost and promotional advantages afforded by the acquisition of Shadforth and its brand. The entry is not related to the conventional recurring operations of the IOOF Group.

Gain on disposal of subsidiaries and associates: During the year, the IOOF Group divested two loss making Perennial businesses, including certain non-core and sub-scale trusts. A non-core Advice subsidiary and associate were also divested.

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. International Financial Reporting Standards 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.

Appendix L: Definitions



Term	Definition
Cost to Income Ratio	Ratio of underlying expenses relative to underlying operating revenues exclusive of the benefit funds
Flagship Platforms	IOOF Employer Super, The Portfolio Service, IOOF Pursuit
FUMA	Funds Under Management, Administration and Advice
FUMAS	FUMA plus Funds Under Supervision, primarily Corporate Trust clients
Net Interest Cover	Ratio of Earnings Before Interest, Tax, Depreciation and Amortisation relative to the sum of Interest Received and Interest and Other Costs of Finance Paid per the Consolidated Statement of Comprehensive Income
Net Operating Margin	Ratio of underlying revenues including share of associate profits, excluding net interest less underlying operating expenses relative to FUMA
PCP	Prior Comparative Period – Year to 30 June 2014
Return on Equity	Calculated by dividing annualised UNPAT by average equity during the period
TSR	Total Shareholder Return – change in share price plus dividends paid per share in a given period
UNPAT	Underlying Net Profit After Tax Pre Amortisation, see Appendix K for a detailed explanation of reconciling line items
Underlying EBITA	Underlying Earnings Before Interest, Tax and Amortisation
Underlying EPS	Calculated with the same average number of shares on issues as the statutory EPS calculation utilising UNPAT as the numerator, a detailed calculation is provided in Appendix J.
VWAP	Volume Weighted Average Price

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