

ANNUAL REPORT 2002



**IOF**



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# Corporate Profile IOOF

The IOOF Group is one of Australia's oldest and most respected national financial institutions, having commenced operations in Australia in 1846.

The IOOF Group operates in the financial services and health insurance sectors, focusing on the growing area of retail and wholesale funds management and funds administration. The IOOF Group has committed resources and expertise to a number of alliances with progressive partners such as Bendigo Bank and the Sustainable Investment Research Institute (SIRIS).

Our growth is being achieved largely through our expanding retail distribution base, and wider recognition of our wholesale asset management capabilities. Supporting these drivers are quality administration systems and the provision of excellent service to financial advisers and their clients.

The IOOF Group's vision is to continue to grow our business as a specialist funds management group by offering superior outcomes for our stakeholders, including investors, advisers, shareholders and staff. Whilst not aiming to be the largest fund manager, we are currently very focused on achieving a reputation as a highly professional medium-size fund manager. Undoubtedly our competitive advantage is our people, their commitment and the culture of the organisation.

## Our values

The IOOF Group was established in 1846 as a community-based organisation dedicated to providing a financial and health safety net. As a mutual organisation, the IOOF Group has served a wide cross-section of the community, and has been an integral part of both the social and financial development of the Victorian economy.

Today, our business has changed considerably. We are a rapidly expanding national funds management organisation, but we still value our founding principles of service to members (now shareholders) and to investors, advisers, staff and the community. We have a proud history and we take our community obligations seriously.



## IOOF members vote overwhelmingly in favour of the Board proposal to demutualise

- **IOOF members voted** overwhelmingly in favour of the Board proposal to demutualise
- **A profit of \$15.6 million**, up from \$8.1 million
- **Sales of \$1.5 billion**, up from \$800 million
- **Net assets reached \$130 million**, up from \$101 million last year
- **\$5.6 billion funds** under management, administration and advice, up from \$4.6 billion
- **IOOF's MAX** administration platform reached \$1.4 billion in funds under administration
- **IOOF/Perennial** announced as INSTO/Morningstar Most Improved Fund Manager of the Year (October 2001)
- **IOOF/Perennial** wins Morningstar Australian Fixed Interest Fund Manager of the Year award (February 2002)
- **IOOF Funds Management's** four star rating reconfirmed by Morningstar (March 2002)

# IOOF Chairman's Report



**The year was a landmark one for the IOOF Group, highlighted by our members' support for the demutualisation proposal which changed our status from a mutual organisation to a shareholder-owned company.**

## Message from the Chairman

It gives me particular pleasure to present the 2002 Annual Report and financial statements of the IOOF Group covering the period from 1 July 2001 to 30 June 2002.

The year was a landmark one for the IOOF Group, highlighted by our members' support for the demutualisation proposal which changed our status from a mutual organisation to a shareholder-owned company.

The decision was supported overwhelmingly by approximately 96 per cent of voting members. Demutualisation will now enable the IOOF Group to accelerate its profitable growth through a combination of organic growth, alliances and acquisitions. Importantly for members (who became shareholders as a result of demutualisation), the decision meant that the value of the organisation was crystallised and realised in the form of shares. The Directors of IOOF Holdings Ltd are currently working towards listing the company on the Australian Stock Exchange at the earliest possible date, subject to market conditions.

In August, Bendigo Bank made an offer to shareholders to acquire shares at \$2.70 per share. The Board approved share transfers to Bendigo Bank under this offer. The offer provided IOOF shareholders (who wanted to sell their shares before listing) with an opportunity to sell their shares at a price within the valuation range provided by the independent expert in the demutualisation document. The offer closed on 23 August 2002 and the shares acquired by Bendigo Bank represent 8.56 per cent of the IOOF share capital.

The IOOF Group and Bendigo Bank have a close working relationship. The IOOF Group is the primary funds management partner of Bendigo Bank, providing funds management expertise, administration and asset management services. At the date of this report, the IOOF Group is the second largest shareholder in Bendigo Bank with a shareholding of 1.3 per cent.

In an unusually difficult year for investors, with negative returns experienced by both international and domestic sharemarkets, IOOF reported a profit after tax of \$15.6 million for the financial year to 30 June 2002.



The bursting of the “Tech Bubble”, the fallout from the US terrorist attacks, the collapse of companies such as Enron, combined with the emergence of accounting irregularities in a number of companies, have all had a significant impact on investor sentiment and ultimately on sharemarket performance around the world.

The investment environment underlines the strategic value of the IOOF Group’s investment in the Sustainable Investment Research Institute (SIRIS). SIRIS was developed as a dedicated research group, providing socially responsible investment research to wholesale and retail investors, lenders and other users of financial data, including screening for corporate governance. The IOOF Group provided the initial seed capital for SIRIS and retains a significant shareholding in the company.

The IOOF Group vision is to concentrate on being recognised as a responsive and competitive provider of investment and financial planning solutions that create and protect wealth with an objective of building shareholder value. Our business plan for the next three years is based on a clear strategy and aims to substantially increase the size of funds under management and administration.

We are pleased to announce that Mr Charles Macek was appointed to the Board of IOOF Holdings Ltd on 20 August 2002. Mr Macek will contribute significantly to the experience of our Board with valuable perspective and insight gained through 30 years experience in the finance industry, and especially his expertise in funds management and commitment to social corporate responsibility through corporate governance.

During the year, and prior to the demutualisation of IOOF Ltd, there were some changes on the Board of IOOF Ltd, with the retirements of Mr Leon L’Huillier and Dr Nora Scheinkestel.

The past year has been one of great achievement with the Group’s strategy proving to be very successful. Our success, however, could not have been possible without the hard work and determination by all staff. On behalf of the Board, I would like to thank everyone at the IOOF Group for their dedication and loyalty and congratulate them on their outstanding achievements. My personal appreciation is extended to the Board for their diligence and support in what has been another demanding and busy year.

I would also like to extend thanks to all IOOF members - now IOOF shareholders - for the loyalty and support provided to IOOF throughout the year and in particular during the successful demutualisation vote.

As signalled earlier, it is my intention to retire from the Board following this year’s Annual General Meeting (AGM). My period as a Board member of 10 years and Chairman for 7 years has been challenging and stimulating. I am extremely confident of the future success of IOOF and its ability to deliver on our business objectives while remaining cautiously optimistic about the immediate prospects of financial markets.

A handwritten signature in black ink, reading 'L A Bytheway'. The signature is written in a cursive, flowing style.

L A Bytheway  
Chairman of the Board

# IOOF Group Managing Director's Report



**In this difficult investment market environment, the IOOF Group business performed very well with sales increasing to \$1.5 billion, up from \$800 million in the previous year.**

## **Message from the Group Managing Director**

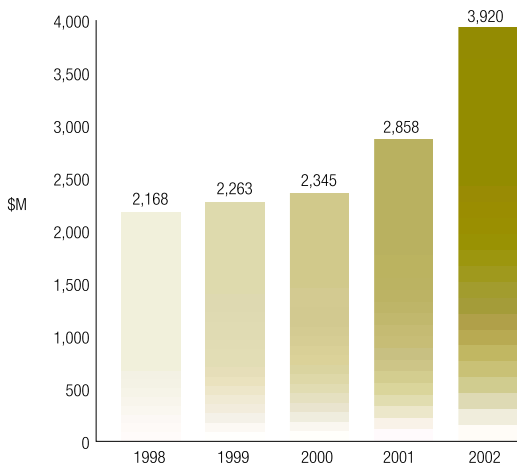
The year has been a very challenging one for investment markets. Whilst the events of September 11 initially sapped the confidence of investors, it was the revelations of poor corporate governance, both in the USA and Australia, that had a serious negative impact on sharemarkets.

In this difficult investment market environment, the IOOF Group business units performed very well with sales increasing to \$1.5 billion, up from \$800 million in the previous year. Over the same period, net profit increased to \$15.6 million, up from \$8.1 million.

The IOOF Group has two major business units: retail funds management and asset management. Each has faced challenging environments in their respective markets and successfully met their business objectives.

Our asset management business, Perennial Investment Partners (Perennial), successfully pursued its strategy of offering the flexibility of a boutique environment with the stability of IOOF's institutional support. Once again, Perennial achieved outstanding investment performance results. Our strong position in the funds management industry was confirmed with the announcement of IOOF's four-star rating by Morningstar in October 2001 and was reconfirmed in March 2002. IOOF/Perennial was also announced as INSTO/Morningstar's Most Improved Fund Manager of the Year, as well as winning the Morningstar and Investor Web's Australian Fixed Interest Fund Manager of the Year awards. Perennial was also successful in winning six discrete wholesale mandates.





**IOOF's FUM/FUA growth over the past five years**

Group funds under management and administration increased to \$3.9 billion, as at 30 June 2002.

During the year our Retail Funds Management business (RFM) succeeded with its strategy of growing its market share in the retail funds management industry. RFM increased its distribution base assisted by a series of strategic alliances. Five new strategic alliances were signed during the year to 30 June 2002.

Our master fund, MAX, continued to achieve strong growth reaching \$1.4 billion in funds under administration, as at 30 June 2002. MAX was ranked in the top 10 platforms based upon features offered, price etc., in each of the personal investment (non-superannuation), personal superannuation and corporate superannuation sectors in the Cannex qualitative surveys as reported in Personal Investor magazine. These achievements were underpinned by substantial restructuring and development of our IT and back-office capabilities.

We launched Australian Financial Planning Network (AFP), a wholly owned subsidiary of IOOF Holdings Ltd. AFP provides back office support services for financial planning firms in which we have an equity interest as well as to Winchcombe Carson Financial Planning.

Winchcombe Carson, a national dealer group, is a wholly owned subsidiary of AFP with over 110 proper authority holders. Winchcombe Carson increased its funds under advice to \$1.7 billion as at 30 June 2002.

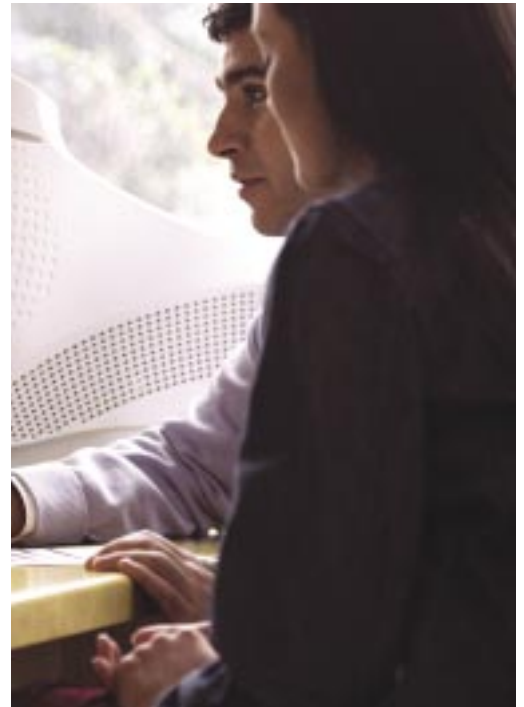
The IOOF Group's health insurance business, IOOF Health Services, achieved satisfactory results in an increasingly difficult market for health insurance. A number of new products were successfully released. IOOF Health Services continues to maintain reserve levels in excess of Government requirements and recorded a profit of \$1.04 million for the year.

Our business model is based on building profitable sales that will provide sustainable growth in earnings and acceptable returns on funds employed. We have built a strong management team, ensuring that the IOOF Group can profitably capitalise on its business opportunities in the expanding superannuation and funds management industry.

Looking to the future, we will continue our focus on increasing shareholder value whilst building our reputation as a responsible corporate citizen with a strong commitment to corporate governance.

R J Turner  
Group Managing Director

# IOOF Businesses



The IOOF Group is focused on two main businesses:

- Retail Funds Management
- Asset Management

The Group also operates a Health Insurance business.

## RETAIL FUNDS MANAGEMENT

The Retail Funds Management business is responsible for distribution, marketing and administration of the IOOF Group's retail investment products and portfolio administration service.

Retail Funds Management (RFM) achieved significant growth based on a strategy of expanding its distribution base combined with a high quality, competitively-priced, product range. IOOF distributes its products through independent financial advisers; our wholly owned dealer group, Winchcombe Carson; semi-aligned dealer groups; our alliance with Bendigo Bank; as well as a number of third party administration arrangements.

The successful execution of this focused strategy resulted in another record year for our RFM business. During this period, RFM achieved over \$1 billion in sales, an increase of 69 per cent on the previous year.

The successful execution of our focused strategy resulted in another record year for our Retail Funds Management business. During this period, Retail Funds Management achieved over \$1 billion in sales, an increase of 69 per cent on the previous year.

## RETAIL FUNDS MANAGEMENT PRODUCTS

### Portfolio Administration Services

MAX Portfolio Administration Service (MAX), introduced in 1994, assists financial advisers and investors in the consolidated administration and reporting of their investment portfolios in a cost-effective and transparent way.

MAX allows clients to invest in three divisions:

- Personal Superannuation and Rollover Plan and Allocated Pension;
- Portfolio Management Service (non-superannuation investments); and
- Employer Sponsored Superannuation.

MAX has been recognised by the industry as a superior product and independently rated by ASSIRT, at 30 June 2002, as the fastest growing master fund in the country.

This year MAX ranked in the top 10 platforms in each of the following categories:

- Personal Superannuation;
- Personal Investment (non-superannuation); and
- Corporate Superannuation Categories  
(Survey commissioned by Personal Investor Magazine and conducted by Cannex).

MAX continues to achieve exceptional growth reaching \$1.4 billion of funds under administration as at 30 June 2002, an increase of 43 per cent.

### IOOF Unit Trusts and Pooled Superannuation Trusts

The IOOF Group offers a range of wholesale, retail and pooled superannuation unit trusts with assets managed by our affiliate, Perennial. The investment options available under this range of IOOF trusts includes:

- Australian Equities
  - Value style
  - GARP style
  - Socially Responsive investing;
- Fixed Interest;
- International Equities; and
- Balanced.

During the year, IOOF enjoyed a great deal of success in marketing Perennial's investment capabilities. In particular, the IOOF Perennial Value Shares Trust is now available on most master trust/IDPS platforms in the retail industry.

### Friendly Society Funds

IOOF manages a range of Friendly Society funds of which the principal product is Supersaver Options.

# IOOF Businesses

## Industry Recognition

**Awarded:** Australian Fixed Interest Six Star Funds award 2001, by InvestorWeb Research

**Awarded:** Australian Fixed Interest Fund Manager of the Year 2001, by Morningstar.

**A finalist in three out of four possible categories - a performance unmatched by any other fund manager in 2001**

**Finalist:** Morningstar Fund Manager of the Year 2001

**Finalist:** Morningstar Multi Sector Fund Manager of the Year 2001

**Finalist:** Morningstar International Equities Fund Manager of the Year 2001

## RETAIL FUNDS MANAGEMENT DISTRIBUTION

### Winchcombe Carson Financial Planning

Winchcombe Carson Financial Planning (Winchcombe Carson) is the IOOF Group's wholly owned financial planning dealer group. Winchcombe Carson has over 110 financial advisers operating nationally.

Funds under advice within the group reached \$1.7 billion as at 30 June 2002.

Winchcombe Carson has a strong relationship with the Australian Council of Trade Unions, and many Winchcombe Carson financial planners are endorsed by unions through the ACTU's Member Connect™ program.

Winchcombe Carson holds an unrestricted dealer's licence, is a registered life broker and offers a wide range of advice on most types of investment products and services as well as life insurance.

Winchcombe Carson is a Principal Member of the Financial Planning Association of Australia.

### Australian Financial Planning Network

**A key element of the IOOF Group's distribution growth strategy has been to take a minority stake in a number of small dealer groups.**

Australian Financial Planning Network (AFPN) was launched in June 2002 to provide a range of back office services to dealer groups aligned to the IOOF Group.

AFPN offers support in the areas of compliance, research, finance and administration, brokerage, marketing and communications, and practice development. This package of services frees up valuable time many advisers spend on administrative and other tasks. The expertise offered by AFPN and its specialist staff allows financial advisers at Winchcombe Carson and our aligned dealer groups to focus on what they do best – servicing clients.

### Independent Financial Advisers

**IOOF has a growing base of support within the independent financial planning channel.**

Our investment products are well represented on major dealer group and master fund recommended lists, and we expect this channel to provide significant growth opportunities. This is by far the largest channel by adviser numbers and over the past year IOOF has expanded to its sales infrastructure to capitalise on this opportunity.

### Private Clients

**Our Private Clients team provides direct relationships with our traditional client base.**

The IOOF Private Client area is staffed by a team of highly qualified people who service our clients through our Melbourne office in Collins Street and the recently opened location in the financial heart of Sydney in the Royal Exchange Building on the corner of Pitt and Bridge Streets.



### **Third Party Administration**

**IOOF uses its portfolio administration capacity to provide a platform for a number of master trusts/IDPSs that are managed and promoted by third parties.**

This represents a number of opportunities for IOOF, including access to advisers who may otherwise not use our products, extra volume for our platforms to help reduce our unit costs and increased sales of our wholesale unit trusts.

### **Bendigo Bank**

**During the year we sold our 50 per cent interest in Bendigo Investment Services to Bendigo Bank as part of a broader alliance with Bendigo Bank.**

The IOOF Group is Bendigo Bank Ltd's primary funds management partner, providing quality funds management solutions including funds management expertise, products, administration and asset management services to around 200 Bendigo Bank branches and affiliates throughout Australia.

# IOOF Businesses



Perennial has enjoyed another successful year at a time when many fund managers have experienced negative returns. Perennial has emerged from the market turbulence over the last year with a strong performance over recent quarters.

## ASSET MANAGEMENT

### Perennial Investment Partners

Perennial Investment Partners (Perennial) is the IOOF Group's asset management affiliate. Perennial's great strengths are its people (who have demonstrated strong and consistent track records in the funds management industry) and structure, which enable it to focus on delivering excellent investment returns. Perennial has attracted investment professionals who understand the merits of a boutique investment manager, combined with the strength of IOOF's institutional support.

Perennial's boutique nature and size means it can take advantage of the investment opportunities that large institutional managers cannot access, thus providing a major advantage in pursuing superior investment performance.

Perennial has enjoyed another successful year at a time when many fund managers have experienced very disappointing returns. Perennial has emerged from the market turbulence over the last year with a strong performance record intact.

## **A sound platform**

Perennial employs a business model that delivers stability and sustainability. Our investment professionals, who have an opportunity to become equity partners, value the benefits of the unique structure of Perennial.

This environment is conducive to superior investment performance aimed at exceeding our client's expectations.

During 2001-2002, Perennial experienced significant success in the wholesale market, attracting inflows of \$498 million from wholesale clients. This is due to the delivery of solid and consistent returns over the year together with market recognition that Perennial has a team of experienced investment professionals who apply a disciplined investment management process.

Perennial's growth over the year, together with its improved product positioning with retail clients and resilient performance, makes it well positioned for further growth in 2002-2003.

## **HEALTH INSURANCE**

**IOOF Health Services is a traditional business associated with the IOOF Group and is a full service health insurance provider.**

The Health business operated profitably in 2001-2002 with profits of \$1.04 million. Reserve levels were maintained in excess of those required by Government regulations.

The Health Service web site offers a range of health-related tips and ideas for a healthy lifestyle. It also provides a facility for members to search for health care providers including doctors and hospitals that participate in IOOF's no-gap scheme, known as Access Gap. Using Access Gap, health insurance members may avoid out-of-pocket medical costs.





## The IOOF commitment to corporate social responsibility

The IOOF Group is continuing its commitment to social responsibility and good governance as a key part of its objective to grow shareholder value. This commitment embraces organisational values and cultural benefits as well as developing sustainable new business opportunities for IOOF. Existing commitments include:

### Business Partnerships

- The Sustainable Investment Research Institute (SIRIS), a leading dedicated research group that provides social responsibility/sustainability research, proxy voting and corporate engagement services to investors and other capital providers, is strongly supported and its expertise deployed to the benefit of IOOF investors.

### Socially Responsible Investment Products

- The IOOF Socially Responsive Shares Trust offers wholesale investors socially responsible investment outcomes, along with a prudent investment approach, through investment in appropriate Australian companies.
- The IOOF Flexi Trust Socially Responsive Shares Fund caters for retail investors wishing to achieve social and environmental outcomes with their investments through investment in appropriate Australian companies.

### New undertakings

- The IOOF Group has committed resources to better coordinate and develop its socially responsible agenda.

### Community Commitment

- Establishing the IOOF Foundation - with the objective of providing funding to a range of worthy causes.
- The appointment of Ms Helga Birgden, Manager, Group Corporate Social Responsibility, with specific goals regarding social responsibility.
- Planning social awareness initiatives with management and staff - to ensure the values of the IOOF Group of community and social responsibility are put into practice throughout the company.

# IOOF Board of Directors



**Mr Lindsay A Bytheway**  
**Chairman**  
AAUQ, FCPA, FAICD.

Mr Bytheway has been Chairman of IOOF Holdings Ltd since April 2002. He has also been a Non-Executive Director of IOOF Ltd from 1992 and Chairman since 1995. He has been a Director of a number of the subsidiary activities of the Group, is currently Deputy Chairman of Perennial Investment Partners Ltd and is a member of the IOOF Remuneration and Nomination Committee and Audit Committee. Mr Bytheway served on the Board of a number of major corporations including Optus Pty Ltd and Mayne Nickless Ltd where he was a Director for 18 years including Non-Executive Director following his retirement from the position of Finance Director. Mr Bytheway has many years of experience in financial management and, in addition to his formal qualifications, has been a member of the Finance Institute and is a Fellow of the Australian Institute of Company Directors.



**Dr Roger Sexton**  
**Deputy Chairman**  
B.Econ. (Hons), M.Econ. Ph.D (Econ)., FAIM, FAICD.

Dr Sexton has been a Non-Executive Director of IOOF Holdings Ltd since May 2002. He was a Non-Executive Director of IOOF Ltd from 1996 to 2002 and he was previously Chairman of IOOF Australia Trustees Ltd. He is currently a Director of Perennial Investment Partners Ltd and is the Chairman of the Remuneration and Nomination Committee. He was also Chairman of the Due Diligence Committee and Demutualisation Committee this financial year. Dr Sexton has served as Chairman of IOOF Friendly Society (SA) and the SA Motor Accident Commission; Deputy Chairman of Korvest Ltd and the Beston Wine Industry Trust, and a Director of IBIS Business Information Pty Ltd and Adelaide-based Investment Bank, Challenger Beston Ltd. Dr Sexton has 20 years experience in senior management and is a specialist in the areas of corporate reconstruction, mergers and acquisitions and privatisations.



**Mr Michael U R Crivelli**  
B.Ec., ASA, ASIA.

Mr Crivelli has been an Executive Director of IOOF Holdings Ltd since May 2002. He was a Non-Executive Director of IOOF Ltd from 1997 to 1999, and an Executive Director from 1999 to 2002. Mr Crivelli is currently Chairman of Perennial Investment Partners Ltd, Perennial Investment Partners Asia Ltd and Perennial Value Management Ltd. Mr Crivelli is also a Director of Colonial Agricultural Ltd and Barnardos. Mr Crivelli has previously been a Director of BT Funds Management Ltd and various listed BT investment companies, State Super Financial Services Ltd, TIF Nominees Pty Ltd (Manager of the TWU Super Fund), State Wide Roads Ltd and Australian Investment Managers' Association (now part of IFSA). Mr Crivelli has over 35 years experience in the investment banking and funds management industries.



**Mr Michael Parkinson**  
B.A. (Hons)., MBA. (Stanford)

Mr Parkinson has been a Non-Executive Director of IOOF Holdings Ltd since May 2002. He was a Non-Executive Director of IOOF Ltd from 1996 to 2002. He is currently a Director of IOOF Investment Management Ltd, IOOF Health Services Ltd, Australian Financial Planning Network Ltd and IOOF Life Ltd. Mr Parkinson spent 12 years (commencing in 1971), in senior management roles in merchant banking, including Managing Director of Grindlays Australia for five years. Previous experience also includes several years with Unilever Ltd in the UK. For the past 18 years he has run his own Corporate Advisory business specialising in international investments. Awarded a CBE in 1990, he is Past-Federal Chairman of Australian-British Chamber of Commerce and Past Chairman of the National Fundraising Committee of the Cambridge Australia Trust.



**Mr Raymond J Schoer**  
B. Admin., FCPA, FAICD, FCIS,  
FAIM.

Mr Schoer has been a Non-Executive Director of IOOF Holdings Ltd since April 2002. He was a Non-Executive Director of IOOF Ltd from 1994 to 2002. He is currently Chairman of IOOF Investment Management Ltd, a Director of IOOF Life Ltd and a member of the Audit Committee. Mr Schoer is a business consultant with a range of business and professional interests. He is Chairman of eStar Online Trading Ltd, Chairman on Comark Nominees Ltd, Director of Australian Property Exchange Ltd, a Member of the Advisory Board of the Centre for Corporate Law and Securities Regulation at the University of Melbourne and is Immediate Past President of the Australian Institute of International Affairs (Vic).



**Ms Kate Spargo**  
LL.B. (Hons), B.A., FAICD.

Ms Spargo has been a Non-Executive Director of IOOF Holdings Ltd since May 2002. She was a Non-Executive Director of IOOF Ltd from 1999 to 2002. She is currently a member of the Remuneration and Nomination Committee, and was a member of the Due Diligence Committee and Demutualisation Committee this financial year. Ms Spargo has been a Company Director and adviser in strategy and governance for over ten years following a career in legal practice in both the public and private sectors. She has been Chairman of HomeStart Finance since 1995 and is also Chairman of PrimeGro Ltd. She is a Director of Uniseed Pty Ltd, Melbourne University Private Ltd and Australian Pork Ltd.



**Mr Robert J Turner**  
Managing Director  
B.Com., FAICD.

Mr Turner was appointed Group Managing Director in 1996. He has been an Executive Director of IOOF Holdings Ltd since April 2002, and has also been an Executive Director of IOOF Ltd since 1996. Mr Turner is currently a Director of IOOF Investment Management Ltd, Perennial Investment Partners Ltd and a number of Group subsidiaries. He has a strong finance and marketing background and 30 years experience in corporate management, both in Australia and overseas. Previous Directorships include Managing Director of SICPA Australia, Chairman of Emhart Australia and Director of Campbells Soups Australia. He is also an honorary Director of Richmond Football Club.



**Mr Ian B Blair**  
M.Mgt FCA

Mr Blair has been a Non-Executive Director of IOOF Holdings Ltd since May 2002. He was a Non-Executive Director of IOOF Ltd from 2000 to 2002 and he was previously a Director of IOOF Trustees Ltd. He is currently a Director of Perennial Investment Partners Ltd and is Chairman of the Audit Committee. He was also a member of the Due Diligence Committee and Demutualisation Committee this financial year. Mr Blair is a chartered accountant and a Company Director. After a long career with accounting firm Deloitte Touche Tohmatsu, including five years as CEO of the firm, he moved to the law firm Allens Arthur Robinson, where he currently acts as Executive General Manager of that firm. He is also a Director of FSS Trustee Corporation, SAS Trustee Corporation, Mt Eliza Business School Ltd, and Sisters of Charity Health Service Ltd. Mr Blair has been active in local government and community organisations and received an Order of Australia Medal in 1987 for his services to the community.



**Mr Charles Macek**  
B.Ec., M.Admin (Monash),  
FCPA, FSIA, FAICD, FAIM.

Mr Macek has been a Non-Executive Director of IOOF Holdings Ltd since August 2002. He is also currently Chairman of Sustainable Investment Research Institute Pty Ltd. Mr Macek joined IOOF following an extensive career in the managed funds industry in Australia; Managing Director at Wardley Investment Management Ltd; Managing Director of Dai-Ichi Life County NatWest Investment Management Ltd (a Tokyo-based joint venture between Dai-Ichi Life and NatWest Bank) during 1990-1997 and a Director of County NatWest Australia Ltd from 1992 to 1997; Founding Managing Director of County Investment Management Ltd in 1985 and Chairman from 1995 to 2001; Victorian Councillor of the Securities Institute of Australia from 1990 to 1994; Board of AIMA from 1993 including serving as Chairman of AIMA, from July 1995 until February 1998. Mr Macek currently holds positions on a number of other boards including, Director of Wesfarmers Ltd, Telstra Corporation Ltd, and Chairman of the Centre for Eye Research Australia Ltd.

**Following Demutualisation on 30 June 2002, all Directors of IOOF Ltd were appointed Directors of IOOF Holdings Ltd as it became the new parent company of the Group.**

# IOOF Group Executive Team



**Mr Robert Turner**  
Group Managing Director  
B.Com., FAIDC

Mr Turner was appointed Group Managing Director in 1996. He has been an Executive Director of IOOF Holdings Ltd since 2002, and has also been an Executive Director of IOOF Ltd since 1996. Mr Turner is currently a Director of IOOF Investment Management Ltd, Perennial Investment Partners Ltd and a number of Group subsidiaries. He has a strong finance and marketing background and 30 years experience in corporate management, both in Australia and overseas. Previous Directorships include Managing Director of SICPA Australia, Chairman of Emhart Australia and Director of Campbells Soups Australia. He is also an honorary Director of Richmond Football Club.



**Mr Richard Nunn**  
General Manager,  
Retail Funds Management  
B.Bus., Grad. Dip. Ec., GAICD

Richard has over 14 years experience in the financial services industry. He manages IOOF's Retail Funds Management business including the distribution, strategic alliances, marketing, product development and private clients functions. Previously, Richard held senior positions with National Mutual/AXA Asia Pacific including Business Manager in AXA Asia Pacific's International Operations, National Retail Sales Manager and Head of Adviser Services, as well as Director of a number of AXA subsidiary companies including NMMT (SUMMIT). Richard holds several Directorships with IOOF subsidiary companies, including Winchcombe Carson Financial Planning and Australian Financial Planning Network.



**Ian Macoun**  
Managing Director,  
Perennial Investment  
Partners  
B. Com., M. Fin Mgt, CFA,  
FCCA, FAIDC

Ian has over 14 years experience in investment management. Prior to his involvement in the establishment of Perennial Investment Partners Ltd, he was Managing Director of Westpac Investment Management and inaugural Chief Executive of Queensland Investment Corporation (QIC). Prior to QIC, Ian was a senior officer in the Queensland Treasury. Ian is very successful at, and greatly experienced, in managing and directing investment management businesses. Ian is a Director of Perennial Investment Partners Ltd.



**Mr Anthony (Tony) Hodges**  
Head of Group Strategy  
Dip FP., FAICD (Dip.), ASIA

Tony's 29-year career in the securities industry spans both banking and investment management. He has held senior positions with AMP Society and AMP Discount Corporation before joining the IOOF Group in 1985 as Head of Investments. Tony is an Executive Director of Perennial Investment Partners Ltd and a number of Group subsidiaries. He has been involved with the Securities Institute of Australia for some 15 years as a principal lecturer and is a member of the Economics Savings and Tax Committee of IFSA.



**Mr Alan Mollison**  
**Chief Financial Officer**  
 B.Bus Acct., CPA

Alan has over 20 years experience in finance, including the last 15 years in the financial services industry. He has held senior finance positions at IOOF, MLC, Lend Lease and Amcor. Alan also worked overseas in the UK for several years at HSBC and a global investment trust. In particular, Alan has experience in financial management and control, retail and wholesale funds management, treasury, balance sheet management, commercial funding, risk assessment and investment banking.



**Ms Mary Latham**  
**Company Secretary**  
 B.Fin Admin., CA, ASIA

Mary has over eight years experience in chartered accounting and over 12 years experience in the financial services industry, working for companies including Touche Ross, Unibank, Merrill Lynch and the IOOF Group. Over this time she has gained valuable experience in the industry, most notably in the areas of finance, audit, company secretarial, risk management and compliance. Her experience has covered all the areas of the industry including stockbroking, futures broking, investment banking, retail and wholesale funds management as well as financial planning.



**Mr Darren Booth**  
**General Manager, Operations**  
 B.Sc

Darren has over 15 years experience in the funds management and financial services industry, working for companies such as AMP and SMF Funds Management before joining the IOOF Group. Darren's expertise and experience lies in the areas of administration, finance, product development and technology. He has executive responsibility for the IOOF Group's back office, fund finance and information technology operations and is Chairman of the Business Program Steering Committee.



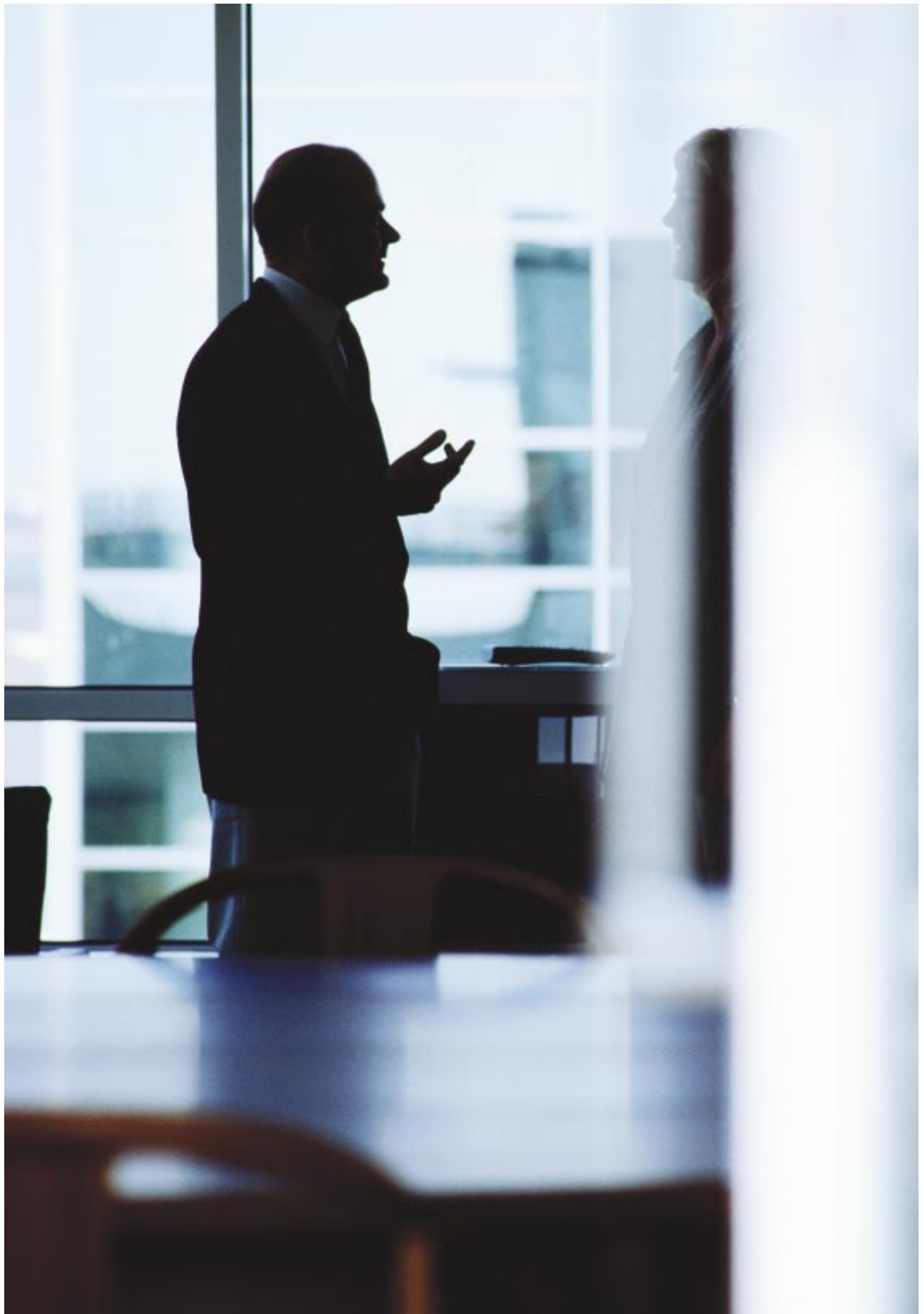
**Mr Peter Wallbridge**  
**General Manager,**  
**Human Resources**  
 B.Ed., Grad. Dip Bus (HR)

Peter joined the IOOF Group in October 1998 after 10 years in senior HR roles with National Mutual/AXA Asia Pacific. He works closely with the Group Managing Director in the management of people and culture at the IOOF. This involves developing HR strategies and delivering HR consulting services across all areas of the business. Peter is also the secretary to the Group Board Remuneration and Nominations Committee.



**Trish Lowe**  
**Manager, Health Services**  
 Dip Bus

Trish is responsible for the administration and operations of IOOF Health Services, including statutory compliance, representing the IOOF Group in the health care industry and fund operations. Trish has 23 years experience in the health care industry, including 13 years with the IOOF Group.



## The IOOF Group's corporate governance system aims to ensure that the Group is managed in an ethical and effective manner for the benefit of shareholders and other stakeholders.

The process governs the conduct of the Group's Board of Directors and its Managers and their relationship with the shareholders. The Group has reviewed its corporate governance arrangements in light of the recent demutualisation of IOOF Ltd and the incorporation of IOOF Holdings Ltd as the new parent company.

### Role of Board Members

The IOOF Holdings Ltd Board of Directors is responsible for the overall corporate governance of the Group. The Group promotes high ethical and professional standards throughout all areas of the business. The Board meets at least monthly to review aspects of the Group's affairs including performance, strategic issues, budgets and business plans.

### Board Composition

The Board comprises a majority of Non-Executive Directors being Mr Lindsay Bytheway (Chairman), Dr Roger Sexton (Deputy Chairman), Mr Ian Blair, Mr Charles Macek, Mr Michael Parkinson, Mr Raymond Schoer and Ms Kate Spargo, and two Executive Directors: Mr Robert Turner (Managing Director) and Mr Michael Crivelli (Chairman of Perennial Investment Partners Ltd).

During the financial year Mr Leon L'Huillier and Dr Nora Schienkestel resigned from the Board to pursue other business interests.

Mr Lindsay Bytheway has announced he will retire from the Board following the 2002 Annual General Meeting. Mr Charles Macek was appointed to the Board on 20 August 2002.

### Board Committees

The Board has a number of committees to which it has delegated various functions. These committees are either entirely comprised of, or consist of a majority of, independent Non-Executive Directors or other external parties.

Attendance at committee meetings by Non-Executive Directors during the financial year is detailed in the table on the following page.

# IOOF Corporate Governance

The IOOF Holdings Ltd Board of Directors is responsible for the overall corporate governance of the Group. The Group promotes high ethical and professional standards throughout all areas of the business.

## Audit Committee

**Objective** - The Audit Committee assists the IOOF Holdings Ltd Board in fulfilling its responsibilities relating to accounting, internal control systems and reporting practices.

The Audit Committee oversees and appraises the quality of the audits conducted by the IOOF Group's internal and external auditors and ensures that emphasis is placed on areas where the Board, the committee, management or the auditors believe special attention is required. The current internal and external auditors were both appointed as a result of external tender processes conducted in 1999 and 2000. These appointments will each be reviewed at the end of a three-year period.

The Audit Committee also reviews the effectiveness of administrative, operating and accounting controls.

The committee operates under an agreed charter which is subject to review as necessary.

**Membership** - The Audit Committee comprises three Non-Executive Directors of IOOF Ltd. They are Mr I Blair (Chairman), Mr R Schoer and Mr L Bytheway. During the financial year, Dr N Scheinkestel resigned from the committee and was replaced by Mr L Bytheway.

**Number of Meetings** - During the financial year the committee met eight times.

Non-Executive Director		Mr L Bytheway	Dr R Sexton	Mr I Blair	Mr L L'Huilier	Mr M Parkinson	Mr N Scheinkestel	Mr R Schoer	Mis K Spargo
Audit Committee	Meetings held <sup>1</sup>	2	-	8	-	-	5	8	-
	Meetings attended <sup>2</sup>	2	-	7	-	-	5	8	-
	Other <sup>3</sup>	4	1	-	2	1	-	-	4
Remuneration & Nomination Committee	Meetings held <sup>1</sup>	6	6	-	-	-	-	-	6
	Meetings attended <sup>2</sup>	6	6	-	-	-	-	-	5
	Other <sup>3</sup>	-	-	-	-	-	-	-	-
Demutualisation Committee	Meetings held <sup>1</sup>	-	1	7	6	-	-	-	7
	Meetings attended <sup>2</sup>	-	1	7	6	-	-	-	3
	Other <sup>3</sup>	4	-	-	-	-	-	-	-
Due Diligence Committee	Meetings held <sup>1</sup>	-	3	5	1	-	-	-	5
	Meetings attended <sup>2</sup>	-	3	5	1	-	-	-	4
	Other <sup>3</sup>	5	-	-	-	4	-	3	-

1. Held while the Director was a member. 2. Attended while the Director was a member. 3. Attended by the Chairman, Mr Bytheway (who acts in an ex-officio capacity on all Committees) or by other Directors.





### Remuneration and Nomination Committee

**Objective** - The committee is responsible to the IOOF Holdings Ltd Board for nominating and recommending the appointment of Non-Executive Directors and the Managing Director and for the establishment of Director fee and management salary and reward arrangements.

The Board composition is reviewed annually to ensure that it has the requisite skills, experience, continuity and balance. When a vacancy arises, the committee prepares a rigorous specification and, with the advice of an external consultant, a panel of candidates is compiled for consideration and appointment.

The committee makes recommendations to the Board concerning fees for Non-Executive Directors of IOOF Holdings Ltd and the Boards of its subsidiaries and controlled entities. These fees are set within the limit of the total fees approved by the company's shareholders. The policy is to adopt remuneration levels which enable the Group to attract Directors with the requisite qualities and skills and to compensate Directors for their time and personal financial risks incurred. External independent advice is obtained when Board fees are reviewed.

The committee is also responsible for ensuring that competitive remuneration and reward programs are established for the Managing Director and other senior management. It is also responsible for ensuring that other relevant human resources management programs are in place.

# IOOF Corporate Governance



An appraisal process is maintained to assess staff performance against pre-determined business objectives and to measure the extent to which the staff-members' values and behaviours are congruent with the vision and values of the Group.

The committee operates under an agreed charter which is subject to review as necessary.

**Membership** - The committee comprises three Non-Executive Directors of the IOOF Holdings Ltd Board. They are Dr R Sexton (Chairman), Mr L Bytheway and Ms K Spargo.

**Number of Meetings** - During the financial year the committee met six times.

## Demutualisation Committee

**Objective** - The committee was established to facilitate the process of demutualisation and restructure by reviewing and making recommendations on key documents for presentation to the group Board and providing guidance on issues arising throughout the process. The committee was formed in September 2001 and disbanded in June 2002 after the completion of the demutualisation process.

**Membership** - The committee comprised three Non-Executive Directors of the IOOF Holdings Ltd Board. They were Dr R Sexton (Chairman), Mr I Blair and Ms K Spargo. Mr L L'Huilier was the original Chairman until he resigned from the Board and was replaced by Dr R Sexton.

**Number of Meetings** - During the financial year the committee met seven times.

## Due Diligence Committee

**Objective** - The committee was established to coordinate and supervise a due diligence inquiry in connection with the preparation of the scheme booklet issued in connection with the demutualisation and restructure of IOOF Ltd. The committee was formed in November 2001 and disbanded in June 2002 after the completion of the demutualisation process.

**Membership** - The committee comprised three Non-Executive Directors of the IOOF Holdings Ltd Board. They were Dr R Sexton (Chairman), Mr I Blair and Ms K Spargo. Mr L L'Huilier was the original Chairman until he resigned from the Board and was replaced by Dr R Sexton. The following were also members of the committee:

- Mr R Turner and Ms B Caddaye - representatives of senior management of the IOOF Group;
- Mr D Rawlinson - representative of Tillinghast Towers Perrin (actuarial advisers to the IOOF Group);
- Mr S Gray - representative of PricewaterhouseCoopers (tax advisers, accountants, advisers and auditors of the IOOF Group); and
- Mr B Santamaria - representative of Allens Arthur Robinson (solicitors to the IOOF Group).

**Number of Meetings** - During the financial year the committee met five times.

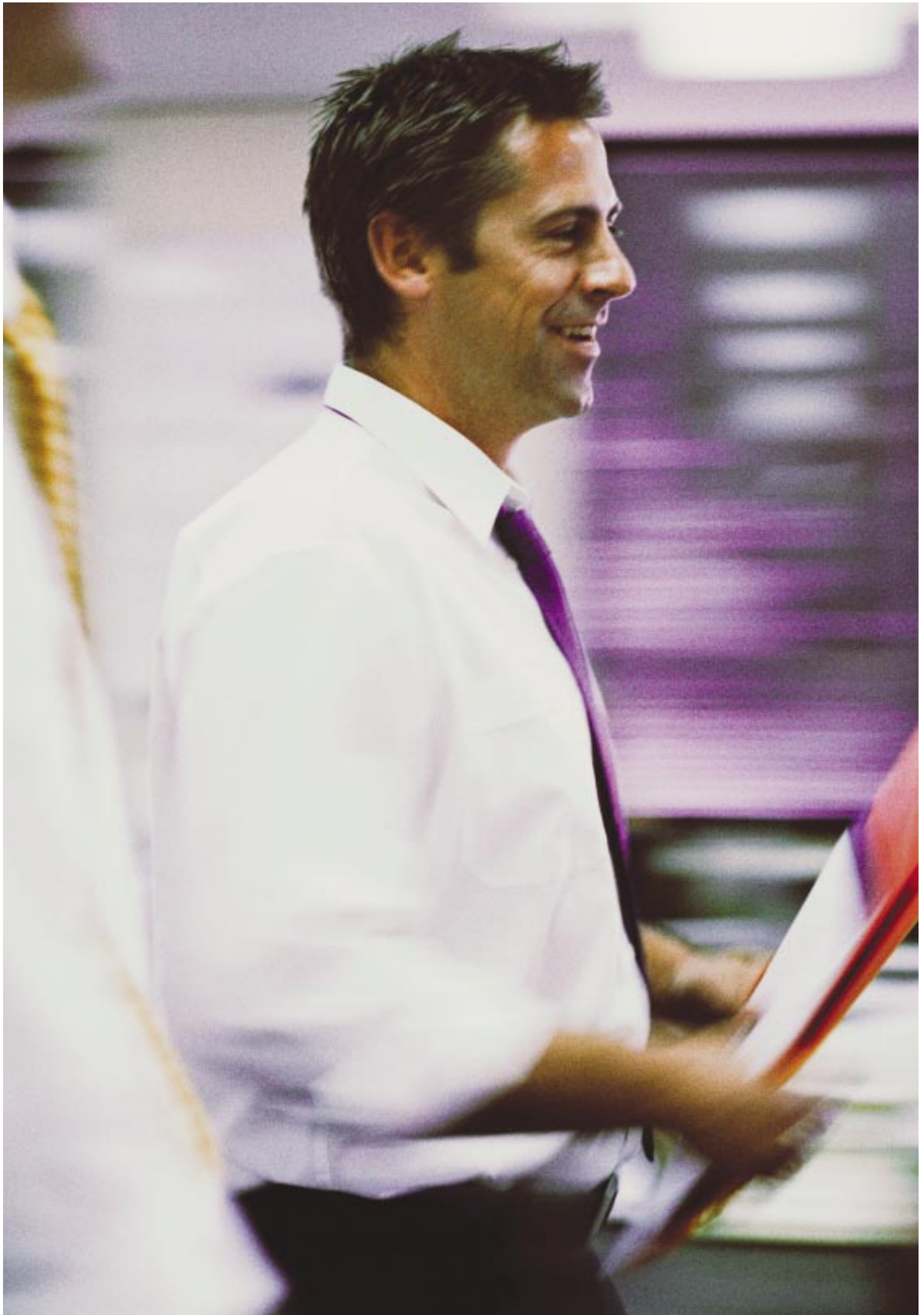
## Independent Legal and Other Advice

The IOOF Holdings Ltd Board has a formal procedure that enables Directors to seek independent advice to assist them to carry out their duties as Directors. The Chairman must give prior approval to the obtaining of the advice and the Group meets the reasonable costs of such advice. If the Chairman does not give such approval, the IOOF Holdings Ltd Board (or in the case of an Executive Director, a majority of the Non-Executive Directors) can give prior approval to obtaining the advice at the Group's expense.

## Risk Management

The Group has the following procedures in place to identify and manage its business risks:

- a comprehensive business continuity plan which ensures the continuation of daily activities in the event of a significant disruption to the business. This plan is tested extensively on an annual basis;
- an insurance program to meet insurable risks. The program is specifically tailored to the Group's individual requirements;
- a formal risk management framework which ensures risks are identified, controlled and reported. This framework includes market risk, liquidity risk, credit risk, transaction and technology risk and operational risk;
- an advanced investment portfolio system that allows for daily valuation of all financial instruments, effective exposure modelling, risk assessments and counter party reporting. The dealing, settlement, portfolio recording and accounting functions associated with financial instruments are all segregated;
- strict controls on the use and maintenance of derivative instruments as part of its investment operations. The Group does not enter into or trade derivative financial instruments for speculative purposes; and
- compliance plans to cover each area of the Group's business. In addition to the compliance plans required under legislation, the Group has introduced additional plans as a matter of good practice.



## Financial Reports

FINANCIAL REPORTS FOR THE YEAR ENDED 30 JUNE 2002

TWO FINANCIAL REPORTS ARE PRESENTED FOR THE YEAR ENDED 30 JUNE 2002. THESE ARE:

### IOOF HOLDINGS LTD ANNUAL CONCISE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2002

The Annual Concise Financial Report is the statutory financial report of IOOF Holdings Ltd for the period ended 30 June 2002.

IOOF Ltd demutualised on 30 June 2002. IOOF Holdings Ltd became the parent entity of IOOF Ltd and IOOF Ltd transferred to IOOF Holdings Ltd all of those assets and liabilities of IOOF Ltd which were not assets and liabilities of the IOOF Benefit Funds. Members of IOOF Ltd were issued with shares in IOOF Holdings Ltd.

The Statement of Financial Position, Statement of Financial Performance and Statement of Cash Flows included in the Annual Concise Financial Report of IOOF Holdings Ltd reflect the post demutualisation results and position of the IOOF Holdings Ltd Group and have been prepared in accordance with relevant Accounting Standards.

The IOOF Holdings Ltd Group did not trade in the 2001/02 financial year and therefore recorded a nil profit.

### IOOF LTD GROUP - PRE DEMUTUALISATION SUPPLEMENTARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2002

The IOOF Ltd Group - Pre demutualisation Supplementary Financial Report does not represent the statutory financial report of IOOF Ltd but has been prepared to assist users in understanding the operations of the IOOF Ltd Group prior to demutualisation. The operating performance of the IOOF Ltd Group for the year ended 30 June 2002 is reflected in the IOOF Ltd Group Pre Demutualisation Statement of Financial Performance. Following the preparation of these accounts, IOOF Ltd demutualised and prepared a statutory set of financial statements at 30 June 2002.

# IOOF Financials

**IOOF HOLDINGS LTD** A.B.N. 49 100 103 722

ANNUAL CONCISE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2002

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# IOOF HOLDINGS LTD

## DIRECTORS' REPORT

The Directors of IOOF Holdings Ltd ("the Company") present the Annual Concise Financial Report for IOOF Holdings Ltd and the entities it controlled at the end of, or during, the period ended 30 June 2002.

**This concise report has been derived from the full financial report for the period ended 30 June 2002. The full financial report and auditors report will be sent to shareholders on request, free of charge. Please call 13 13 69 and a copy will be forwarded to you.**

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of IOOF Holdings Ltd and its controlled entities as the full financial report.

### DIRECTORS

The following Directors were appointed during the financial period or subsequent to the end of the financial period and continue to hold office up to the date of this report:

Director	Age	Qualifications	Occupation
Mr L A Bytheway (Chairperson) (Appointed 10 April 2002)	70	AAUQ, FCPA, FAICD	Company Director
Dr R N Sexton (Deputy Chairperson) (Appointed 3 May 2002)	53	B.Ec. (Hons.), M. Ec, Ph.D. (Econ.), FAICD, FAIM	Economist and Investment Banker
Mr I Blair (Appointed 3 May 2002)	55	M.Mgt, FCA	Chartered Accountant
Mr M U R Crivelli (Appointed 3 May 2002)	63	B.Ec., ASA, ASIA	Company Director and Investment Manager
Mr C Macek (Appointed 20 August 2002)	55	B.Ec., M.Admin., FCPA, FSIA, FAIM	Company Director
Mr M W Parkinson C.B.E. (Appointed 3 May 2002)	59	B.A. (Hons.), MBA	Merchant Banker
Mr R J Schoer (Appointed 10 April 2002)	68	B.Admin., FCPA, FAICD, FCIS, FAIM	Business Consultant and Company Director
Ms K D Spargo (Appointed 3 May 2002)	50	LL.B (Hons.), BA	Business Consultant and Company Director
Mr R J Turner (Appointed 10 April 2002)	59	B. Com., FAICD	Managing Director

### PRINCIPAL ACTIVITIES

The principal activities of the economic entity referred to as the IOOF Holdings Ltd Group (comprising the Company, as the chief entity, and controlled entities) are:

- to develop and offer a range of financial products and portfolio administration services, including single and multi-premium investments, superannuation, approved deposit funds, immediate and deferred annuities and investment trusts;
- to provide health insurance cover; and
- to provide financial planning and advisory services.

# IOOF Financials

## IOOF HOLDINGS LTD

### DIRECTORS' REPORT (continued)

#### SIGNIFICANT CHANGE IN STATE OF AFFAIRS

IOOF Holdings Ltd was incorporated on 3 April 2002 and was dormant until 30 June 2002.

On 30 June 2002, IOOF Holdings Ltd became the parent entity of IOOF Ltd. Immediately following the acquisition, IOOF Ltd transferred to IOOF Holdings Ltd all of those assets and liabilities of IOOF Ltd which are not assets and liabilities of the IOOF Benefit Funds. Members of IOOF Ltd were issued with shares in IOOF Holdings Ltd. In exchange, members ceased to be members in IOOF Ltd and their membership rights were cancelled.

The Statement of Financial Position is the same as the IOOF Ltd - Pre Demutualisation Statement of Financial Position, except that future discounted net cash flows of the IOOF Benefit Funds totalling \$13,300,000 have been recognised as an "other financial asset".

#### CONSOLIDATED RESULTS

The IOOF Holdings Ltd Group did not trade in the financial period ended 30 June 2002 and recorded a nil profit. (Refer Review of Operations note below).

#### DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial period ended 30 June 2002.

#### REVIEW OF OPERATIONS

The IOOF Holdings Ltd Group did not trade. The operating performance of the IOOF Ltd Group for the year ended 30 June 2002 is reflected in the results of IOOF Ltd - Pre Demutualisation Supplementary Financial Report.

#### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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 the end of the financial period, that has significantly affected, or may significantly affect, the operations of the IOOF Holdings Ltd Group, the results of those operations, or the state of affairs of the IOOF Holdings Ltd Group in subsequent financial years.

Mr Charles Macek was appointed as a Director to the IOOF Holdings Ltd Board on 20 August 2002.

#### FUTURE DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report, particular information regarding likely developments to the IOOF Holdings Ltd Group's operations, and the expected results of those operations in subsequent financial years, would be likely to result in unreasonable prejudice to the IOOF Holdings Ltd Group. Accordingly, this information has not been included in this report.

#### DIRECTORS' BENEFITS

During or since the end of the financial period, no Director of the Company has received or become entitled to receive a benefit because of a contract that the Director, or a firm of which the Director is a member, or an entity in which the Director has a substantial financial interest, made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit other than:

- a. a benefit included in the aggregate amounts received or due and receivable by the Directors shown in the notes to the full annual financial statements; and
- b. the fixed salary of a full time employee of the Company or an entity that the Company controlled or a related body corporate.



# IOOF HOLDINGS LTD

## DIRECTORS' REPORT (continued)

### DIRECTORS' MEETINGS

The number of Directors' meetings and the number of meetings attended by the Company's Directors during the financial period were:

Director	Directors' Meetings	
	Number of Meetings Held (a)	Number of Meetings Attended
Mr L B Bytheway	2	2
Dr R N Sexton	2	1
Mr I Blair	2	2
Mr M U R Crivelli	2	1
Mr M W Parkinson	2	2
Mr R J Schoer	2	2
Ms K Spargo	2	2
Mr R J Turner	2	2

a. Reflects the number of regular meetings held during the time the Director held office during the period.

### INDEMNIFICATION

There is a Directors' and Officers' Liability and Company Reimbursement Insurance policy which indemnifies all the Directors and Officers of the IOOF Holdings Ltd Group against liabilities to persons outside the IOOF Holdings Ltd Group that arise out of performance of their normal duties. The insurance policy stipulates that the underwriter will indemnify Directors and Officers of the IOOF Holdings Ltd Group against any liabilities, costs and expenses in accordance with the terms of the policy. The terms of the policy prohibit disclosure of the nature of the liability and the amount of the premium.

### ENVIRONMENTAL REGULATION

IOOF Holdings Ltd Group is not subject to significant environmental regulation.

### ROUNDING OFF OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the rounding off of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the Directors.



L A Bytheway  
Chairman of the Board



R J Turner  
Managing Director

Melbourne, 25 September 2002.

# IOOF Financials

## IOOF HOLDINGS LTD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2002

THE IOOF HOLDINGS LTD GROUP DID NOT TRADE DURING THE PERIOD

	Note	Consolidated 2002 \$'000
Revenues from ordinary activities	3	-
Expenses from ordinary activities, excluding borrowing costs expense		-
Borrowing costs expense		-
Share of Net Profits of associated entities accounted for using the equity method		-
<b>Profit from ordinary activities before income tax expense</b>		-
Income tax expense		-
<b>Profit from ordinary activities after income tax expense</b>		-
Profit on extraordinary items after income tax expense		-
<b>Net Profit</b>		-
Net Profit attributable to outside equity interest		-
<b>Net Profit attributable to members of IOOF Holdings Ltd</b>		-
Payments from General reserve		-
<b>Total revenues, expenses and valuation adjustments attributable to members of IOOF Holdings Ltd and recognised directly in equity</b>		-
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		-

The above statement of financial performance should be read in conjunction with the accompanying notes.

# IOOF HOLDINGS LTD

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2002

IOOF HOLDINGS LTD ACQUIRED ALL ASSETS AND LIABILITIES ON 30 JUNE 2002

	Note	Consolidated 2002 \$'000
<b>Assets</b>		
Cash assets	6	39,244
Receivables		13,330
Investment accounted for using the equity method		2,000
Other financial assets	5	55,346
Other assets		787
Plant and equipment		6,422
Tax assets		5,046
Intangible assets		35,668
<b>Total Assets</b>		<b>157,843</b>
<b>Liabilities</b>		
Payables		14,399
Tax liabilities		786
Provisions		13,123
<b>Total Liabilities</b>		<b>28,308</b>
<b>NET ASSETS</b>		<b>129,535</b>
<b>Equity</b>		
Parent entity interest		
Contributed capital	1	129,382
Reserves		-
Retained profits		-
<b>Total Parent Entity Interest</b>		<b>129,382</b>
Outside equity interests		153
<b>TOTAL EQUITY</b>		<b>129,535</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# IOOF Financials

## IOOF HOLDINGS LTD

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2002

	Note	Consolidated 2002 \$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		-
Dividends/distributions received		-
Other income received		-
Income tax benefit received		-
<b>Net cash provided by/(used in) operating activities</b>		-
<b>Cash flows from financing activities</b>		
Proceeds from minority interests		-
<b>Net cash provided by financing activities</b>		-
<b>Cash flows from investing activities</b>		
Cash acquired on acquisition of controlled entity		60,206
Dividend received from controlled entity		-
Payment for purchase of controlled entity, net of cash acquired		-
<b>Net cash provided by/(used in) investing activities</b>		60,206
<b>Net increase/(decrease) in cash held</b>		60,206
<b>Cash at the beginning of the financial period</b>		-
<b>Cash at the end of the financial period</b>	6	60,206

The above statement of cash flows should be read in conjunction with the accompanying notes.

# IOOF HOLDINGS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

The Annual Concise Financial Report relates to the consolidated entity consisting of IOOF Holdings Ltd and the entities it controlled at 30 June 2002.

### 1. DISCUSSION AND ANALYSIS

#### CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

The IOOF Holdings Ltd Group was formed on 30 June 2002 following the acquisition of the IOOF Ltd Group. The new group did not trade for the period ended 30 June 2002 and recorded a nil profit. Immediately following the acquisition, the demutualisation of IOOF Ltd and reorganisation of the IOOF Holdings Ltd Group occurred. The operating profit for the IOOF Ltd Group pre demutualisation of \$15,577,000 is disclosed in the IOOF Ltd - Pre Demutualisation Supplementary Financial Report.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In consideration for IOOF Holdings Ltd acquiring IOOF Ltd and the members of IOOF Ltd giving up their membership rights, the members were issued with shares in IOOF Holdings Ltd. The total number of ordinary shares issued was 49,248,928 for a value of \$129,382,000.

As a result of the group restructure the assets and liabilities of IOOF Ltd were transferred to IOOF Holdings Ltd on 30 June 2002.

The net assets disclosed in the consolidated Statement of Financial Position are the same as the net assets disclosed in the IOOF Ltd - Pre Demutualisation Statement of Financial Position, except that future discounted net cash flows of the IOOF Benefit Funds totalling \$13,300,000 have been recognised as an "other financial asset" in the IOOF Holdings Ltd Group.

#### CONSOLIDATED STATEMENT OF CASH FLOWS

##### Cash flows from investing activities

The movements in the statement of cash flows represent the cash acquired on acquisition of the IOOF Ltd Group.

# IOOF Financials

## IOOF HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

### 2. SEGMENT INFORMATION

#### Primary reporting - business segments

	Funds Management and Administration	Health	Distribution Networks	Other	Inter-segment eliminations	Consolidated
2002	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	212,880	12,182	9,678	1,234	(78,131)	157,843
Unallocated assets						-
Total assets						157,843
Segment liabilities	20,824	5,681	2,905	6,037	(7,139)	28,308
Unallocated liabilities						-
Total liabilities						28,308

#### Secondary reporting - geographical segments

The IOOF Holdings Ltd Group operates in the one geographical segment of Australia.

### 3. REVENUE

	2002
	\$'000
Fee and commission revenue included in revenue from ordinary activities.	-

### 4. DIVIDENDS

There were no dividends paid for the period ended 30 June 2002.

### 5. OTHER FINANCIAL ASSETS

Included in other financial assets is \$13,300,000 being the value of future discounted cash flows from the IOOF Benefit Funds recognised on acquisition of the IOOF Ltd Group.

### 6. NOTES TO THE STATEMENT OF CASH FLOWS

Cash at the end of the financial period is reconciled to the statement of financial position as follows:

Cash	8,174
Deposits at call	31,070
Cash assets	39,244
Unlisted unit trusts	20,962
	60,206

### 7. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report which is available from the Company, free of charge, on request. A copy can be requested by calling 13 13 69.

## IOOF HOLDINGS LTD - Directors' Declaration

The Directors declare that in their opinion, the Annual Concise Financial Report of the consolidated entity for the period ended 30 June 2002 as set out on pages 34 to 38 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this Annual Concise Financial Report have been derived from the full financial report for the period ended 30 June 2002.

The Annual Concise Financial Report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in Note 7, is available on request.

This declaration is made in accordance with a resolution of the Directors.



L A Bytheway  
Chairman of the Board



R J Turner  
Managing Director

Melbourne, 25 September 2002.

# IOOF Financials

## IOOF HOLDINGS LTD

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF IOOF HOLDINGS LTD

#### AUDIT OPINION

In our opinion, the Annual Concise Financial Report of IOOF Holdings Ltd for the period ended 30 June 2002, set out on pages 34 to 39 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

#### SCOPE AND SUMMARY OF OUR ROLE

##### The Annual Concise Financial Report – responsibility and content

The preparation and content of the annual concise financial report for the period ended 30 June 2002 are the responsibility of the Directors of IOOF Holdings Ltd (the Company).

##### The auditor's role and work

We conducted an independent audit of the annual concise financial report in order to express an opinion on it to the members of the Company. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the annual concise financial report is free of material misstatement.

We have also performed an independent audit of the full financial report of the Company for the financial period ended 30 June 2002. Our audit report on the full financial report was signed on 25 September 2002 and was not subject to any qualification. Our audit did not involve an analysis of the prudence of business decisions made by the Directors or management.

In conducting the audit of the annual concise financial report, we carried out a number of procedures to assess whether in all material respects the annual concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

The procedures included:

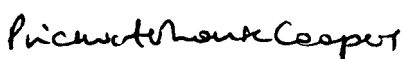
- testing that the information included in the annual concise financial report is consistent with the information in the full financial report.
- selecting and examining evidence, on a test basis, as required by auditing standards, to support amounts, discussion and analysis, and other disclosures in the annual concise financial report which were not directly derived from the full financial report. We did not examine every item of available evidence.
- reviewing the overall presentation of information in the annual concise financial report.

Our audit opinion was formed on the basis of these procedures.

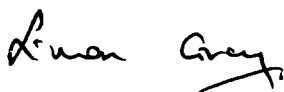
#### Independence

As auditor, we are required to be independent of the Company and its controlled entities and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit work, we were engaged to undertake other services for the Company and its controlled entities. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers  
Chartered Accountants



Simon Gray - Partner  
Melbourne, 25 September 2002



# IOOF LTD - Pre Demutualisation A.B.N. 21 087 649 625

SUPPLEMENTARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2002

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# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2002

	Note	Consolidated 2002 \$'000	Consolidated 2001 \$'000
Revenues from ordinary activities	2	121,015	91,930
Expenses from ordinary activities, excluding borrowing costs expense	3	(110,791)	(84,795)
Borrowing costs expense	3	(14)	(23)
Share of Net Profits/(losses) of associated entities accounted for using the equity method	8	425	210
<b>Profit/(loss) from ordinary activities before income tax benefit/(expense)</b>		<b>10,635</b>	<b>7,322</b>
Income tax benefit/(expense)	5	4,942	807
<b>Profit from ordinary activities after income tax benefit/(expense)</b>		<b>15,577</b>	<b>8,129</b>
Profit/(loss) on extraordinary items after income tax benefit/(expense)		-	-
<b>Net Profit</b>		<b>15,577</b>	<b>8,129</b>
Net Profit attributable to outside equity interest		(1)	1
<b>Net Profit attributable to members of IOOF Ltd</b>		<b>15,576</b>	<b>8,130</b>
Payments from General reserve	17(a)	-	(3)
<b>Total revenues, expenses and valuation adjustments attributable to members of IOOF Ltd and recognised directly in equity</b>		<b>-</b>	<b>(3)</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>15,576</b>	<b>8,127</b>

The above statement of financial performance should be read in conjunction with the accompanying notes.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2002

	Note	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>Assets</b>			
Cash assets	6	39,244	13,584
Receivables	7	13,330	25,002
Investments accounted for using the equity method	8	2,000	503
Other financial assets	9	42,046	67,161
Other assets	10	787	332
Plant and equipment	11	6,422	4,461
Tax assets	12	5,046	943
Intangible assets	13	35,668	12,592
<b>Total Assets</b>		<b>144,543</b>	<b>124,578</b>
<b>Liabilities</b>			
Payables	14	14,399	11,658
Tax liabilities	15	786	1,670
Provisions	16	13,123	10,697
<b>Total Liabilities</b>		<b>28,308</b>	<b>24,025</b>
<b>NET ASSETS</b>		<b>116,235</b>	<b>100,553</b>
<b>Equity</b>			
Parent entity interest			
Reserves	17(a)	35	35
Retained profits	17(b)	116,047	100,365
Total Parent Entity Interest		116,082	100,400
Outside equity interests	18	153	153
<b>TOTAL EQUITY</b>		<b>116,235</b>	<b>100,553</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2002

	Note	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(91,944)	(78,117)
Claims paid		(12,559)	(12,591)
Dividends/distributions received		2,706	3,973
Interest and bill discounts received		1,255	1,362
Other income received		100,607	72,802
Interest and other costs of finance (paid)/received		153	(83)
Income tax benefit received		21	5,745
Net cash provided by/(used in) operating activities	27(b)	239	(6,909)
<b>Cash flows from investing activities</b>			
Payment for purchase of investment securities		(4,737)	(189)
Proceeds from sale of investment securities		7,117	9,167
Loans to Directors		(167)	(204)
Proceeds from repayment of loans to policyholders		42	-
Payment for plant and equipment		(5,753)	(4,416)
Proceeds from sale of property, plant and equipment		6,322	6,722
Net cash inflow on disposal of business		-	2,476
Net cash provided by investing activities		2,824	13,556
<b>Net increase in cash held</b>		<b>3,063</b>	<b>6,647</b>
<b>Cash at the beginning of the financial year</b>		<b>57,143</b>	<b>50,496</b>
<b>Cash at the end of the financial year</b>	27(a)	<b>60,206</b>	<b>57,143</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### FINANCIAL REPORTING FRAMEWORK

The financial report is a general purpose financial report which has been prepared in a manner consistent with the Corporations Act 2001, the Life Insurance Act 1995, APRA Prudential Rules for Friendly Societies and Actuarial Standards. Accounting Standards and Urgent Issues Group Consensus Views have been applied.

**This general purpose financial report has been prepared to assist users in understanding the operations of the IOOF Ltd Group prior to demutualisation on 30 June 2002, and does not represent the statutory financial report of IOOF Ltd for the year ended 30 June 2002.**

#### SIGNIFICANT ACCOUNTING POLICIES

Accounting policies prescribed by Prudential Rule No. 47, Accounting Standards and Urgent Issues Group Consensus Views have been adopted. The following significant accounting policies have been applied in the preparation and presentation of the financial report.

##### a. Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being IOOF Ltd ("the Company"), comprising its management fund and reserves (the chief entity) and its controlled entities as defined in accounting standard AASB 1024 Consolidated Accounts. A list of controlled entities appears in Note 25 to the financial statements. Consistent accounting policies have been employed across all entities comprising the economic entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated Statement of Financial Performance from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

The assets, liabilities, members' balances, revenues and expenses of the Benefit Funds are excluded from the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows of both the Company and the Economic Entity. The Benefit Funds are separately reported in Note 31.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### b. Other Financial Assets

The basis used to value particular classes of investments is as follows:

##### ***Controlled Entities***

The Company recognises investments in controlled entities at net market value based on Directors' valuation. Any revaluation increment or decrement is brought to account in the Statement of Financial Performance. On consolidation, the excess of net market value over net assets of controlled entities is brought to account in the Statement of Financial Position.

##### ***Debt Securities***

Interest bearing securities are recorded at market value.

##### ***Equity Securities***

Shares and equity options are recorded at their net market values as quoted on stock exchanges or, where the investment is unlisted, at the lower of cost and recoverable amount.

Investments in associated entities have been accounted for under the equity method.

##### ***Mortgage Securities***

Mortgage securities are recognised at recoverable amount, after assessing required provisions for impairment. Bad debts are written off when identified.

##### ***Unlisted Unit Trusts***

Net market value of units in unlisted unit trusts is determined at the net asset value per unit at balance date. The net asset value is calculated by deducting from the value of the unit trust's gross assets, the value of liabilities of the unit trust.

#### c. Revenue

Revenue is recognised for the major business activities as follows:

Management fees earned from the funds are calculated based on an agreed percentage of the respective funds under management or administration and are recognised on an accruals basis.

Interest income, dividend income, distribution income and rental income are brought to account on an accruals basis.

Commission income from the provision of financial advisory services is earned on lodgement of investment application.

Health premiums are treated as earned from the date of the attachment of risk or obligation. Unearned premiums are determined by apportioning the premiums received over the "paid to" period to which the premiums relate.

Changes in the net market value of financial assets and liabilities are recognised as revenues or expenses in the Statement of Financial Performance in the year in which the changes occur.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d. Income Tax

Tax effect accounting principles have been adopted whereby income tax expense/benefit is matched with accounting profit/loss after allowing for permanent differences. The tax effect of timing differences, which occur when items are included for income tax purposes, in a period different to that for accounting in the provision for deferred income tax and future income tax benefit, is shown at taxation rates expected to apply, depending on the timing of their reversal. (Note 5)

The applicable rates of income tax vary depending upon the fund or entity involved. Superannuation and rollover funds generally attract income tax at the rate of 15% (2001:15%), the eligible insurance activities of Company funds at the rate of 30% (2001:33%) and companies at the rate of 30% (2001:34%).

#### e. Depreciation and Amortisation

Plant and equipment is depreciated on a straight line basis designed to write off the net cost of each asset over its estimated useful life. The expected useful life of each asset class is as follows:

Plant and Equipment - 3 - 10 years

Costs associated with major software development are amortised over 3 years.

#### f. Receivables

All trade debtors are recognised at the amounts receivable. They are due for settlement at terms which vary between 14 days and, in exceptional circumstances, 180 days from the date of recognition.

The collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off to the Statement of Financial Performance. A provision for doubtful debts is raised where some doubt as to collection exists, based on the amount that is expected to be doubtful of recovery.

#### g. Accounts Payable

Liabilities are recognised for amounts to be paid in the future, for goods and services received up to the reporting date, whether or not billed.

Trade accounts payable are settled within normal terms and conditions, with terms generally ranging from 7 to 55 days. Some agreements, for example those relating to certain commission payments, can require quarterly or annual settlement.

#### h. Recoverable Amount of Non-Current Assets

Non-current assets are written down to their recoverable amounts where the carrying amount of any non-current asset exceeds its recoverable amount. Recoverable amounts are determined as the amounts expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current assets, which have been discounted where appropriate.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i. Leases

All leases undertaken by the IOOF Ltd Group are of the nature that all the risks and benefits of ownership are effectively retained by the lessor and are therefore classified as operating leases. Operating lease payments are charged as an expense in the period in which they are incurred.

#### j. Employee Entitlements

##### ***Wages, Salaries and Annual Leave***

The provision for employee entitlements to wages, salaries and annual leave represent the amount which the IOOF Group has a present obligation to pay resulting from employees' services provided up to balance date. The provision has been calculated based on current wage and salary rates and includes related on-costs.

##### ***Long Service Leave***

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using rates attaching to Commonwealth Government securities, which most closely match the terms of maturity of the related liabilities at balance date.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the IOOF Group's experience with employee departures.

#### k. Deferred Acquisition Costs

Deferred acquisition costs relate only to commissions paid on nil entry business and are deferred as an asset in recognition that they relate to a future benefit. Deferred acquisition costs are measured at the lower of cost and recoverable amount.

Deferred acquisition costs which are carried as an asset in the Statement of Financial Position, are progressively amortised in the Statement of Financial Performance over the period of time future benefits are expected to be received.

#### l. Comparative Figures

Where necessary, comparative figures have been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

#### m. Goods and Services Tax

Revenue and expense items are recorded net of GST. GST input tax credits are recorded as an asset and GST collected is recorded as a liability.

The GST portion relating to financial supplies and non deductible expenditure, for which an input tax credit cannot be claimed is expensed.



# IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>2. REVENUE</b>		
<b>Revenue from operating activities</b>		
Management fees:		
- Benefit funds	19,585	20,517
- Other managed funds	41,946	21,373
- Non-related entities	227	257
Commission revenue:		
- Non-related entities	13,636	12,147
Premium income (Note 1(c))	16,472	16,849
Fees	-	305
	91,866	71,448
<b>Revenue from outside the operating activities</b>		
Interest revenue:		
- Directors & director-related entities	16	11
- Other related parties	189	188
- Non-related entities	698	1,074
	903	1,273
Dividends:		
- Non-related entities	540	1,465
Distributions:		
- Other related parties	1,894	2,365
Operating lease rental revenue:		
- Non-related entities	831	1,678
Realised gains on investments	458	140
Unrealised gains on investments	1,400	4,675
Change in excess of net market value over net assets of controlled entities	17,141	4,570
Profit on disposal of business	-	1,679
Profit from sale of plant and equipment	-	38
Proceeds from settlement of legal case	5,000	-
Other	982	2,599
<b>Total Revenue</b>	<b>121,015</b>	<b>91,930</b>

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>3. EXPENSES</b>		
Profit from ordinary activities before income tax includes the following specific expenses:		
<b>Expenses</b>		
Borrowing costs expense		
Interest:		
- Non-related entities	14	23
Share of (Net Profits)/losses of associated entities:		
Share of associated entities' operating (profit)/loss after income tax (Note 8)	(425)	(210)
Expenses from ordinary activities, excluding borrowing costs expense:		
Net movement in provision for doubtful debts in respect of amounts receivable from:		
- Non-related entities	25	351
Depreciation of plant and equipment	1,557	908
Loss on disposal of plant and equipment	951	-
Loss on disposal of investment	103	-
Operating lease rental expenses:		
- Non-related entities	3,280	3,859
Provisioning for surplus lease space	(63)	(472)
Occupancy related expenses	482	1,334
Net transfers to employee provisions	1,904	1,125
Salaries and related expenses	27,252	21,270
Commission and management fees:		
- Non-related entities	34,889	19,507
Professional fees	9,689	6,342
Marketing	3,002	2,238
Health benefits paid	12,703	13,371
Deferred acquisition costs amortisation	3,372	3,796
Computer maintenance and support	4,082	4,417
Office support	2,779	2,491
Other expenses from ordinary activities	4,784	4,258
<b>Total expenses from ordinary activities, excluding borrowing costs expense</b>	<b>110,791</b>	<b>84,795</b>

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
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## 4. INDIVIDUALLY SIGNIFICANT ITEMS

Profit from ordinary activities before income tax includes the following individually significant items:

<b>Gains</b>		
Settlement of legal case	5,000	-
Change in excess of net market value over net assets of controlled entities	17,141	4,570
Sale of Trustees Group	-	1,679
	22,141	6,249
<b>Expenses</b>		
Demutualisation and restructure expenses	2,779	-

## 5. INCOME TAX EXPENSE

Profit/(loss) from ordinary activities before income tax	10,635	7,322
Prima facie income tax expense calculated on profit before tax	(3,190)	(1,869)
<b>Permanent differences</b>		
Share of tax credits with benefit funds	(4,630)	(7,893)
(Non-deductible expenditure)/non assessable income	7,944	8,716
Over provision in prior years	1,739	2,221
Recognition of Future Income Tax Benefit and Provision for Deferred Income Tax not previously brought to account (Note 5(a))	1,679	-
Other	1,400	(308)
Net adjustment to future income tax benefit and deferred income tax to reflect the decrease in company tax rate	-	(60)
Income tax benefit	4,942	807

a. The tax treatment of IOOF Ltd changed effective from 1 July 2001. Income that was previously exempt became fully taxable.

IOOF Ltd recognised Future Income Tax Benefits and a Provision for Deferred Income Tax Liabilities not previously brought to account.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>6. CASH ASSETS</b>		
Cash	8,174	10,792
Deposits at call	31,070	2,792
	39,244	13,584

### 7. RECEIVABLES

Receivables	5,644	18,968
Provision for doubtful debts	(786)	(761)
	4,858	18,207
Interest receivable	47	19
Interest receivable - Directors of controlled entities	-	11
Rent receivable	2	59
Amounts receivable from other related parties	7,537	5,983
Distributions receivable	291	466
Dividends receivable	286	115
Loans to directors of controlled entities (Note 24(c))	309	142
	13,330	25,002

### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associated entities	2,000	503
Reconciliation of carrying amounts:		
At beginning of financial year	503	293
Add share of operating profit/(loss) after income tax	425	210
Acquisition of investment in associated entity (Note 8(a))	2,000	-
Proceeds on sale of equity interest (Note 8(b))	(500)	-
Receipt of dividend	(428)	-
	2,000	503

- a. As part of the IOOF Ltd Group's distribution strategy, the economic entity acquired a 50% share and voting interest in Workforce Financial Services Pty Ltd. This entity's principal activity is to provide financial planning and advisory services.
- b. The joint venture interest in Bendigo Investment Services Ltd was sold to Bendigo Bank Ltd during the year.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>9. OTHER FINANCIAL ASSETS</b>		
<b>Debt securities</b>		
- Unlisted unit trusts - other related parties	19,752	40,780
- Other debt securities	308	-
<b>Total Debt Securities</b>	<b>20,060</b>	<b>40,780</b>
<b>Equity investments</b>		
- Shares in listed corporations	10,585	15,727
- Shares in other corporations (Note 9(a))	1,337	200
- Equity investment in member funds	7,192	7,192
- Unlisted unit trusts - other related parties	1,207	-
<b>Total Equity Investments</b>	<b>20,321</b>	<b>23,119</b>
<b>Property securities</b>		
- Mortgages	225	225
<b>Total Property Securities</b>	<b>225</b>	<b>225</b>
<b>Other</b>		
- Unlisted unit trusts - other related parties	1,210	2,779
- Unlisted unit trusts	150	150
- Regulatory deposits	80	108
<b>Total Other</b>	<b>1,440</b>	<b>3,037</b>
<b>Total</b>	<b>42,046</b>	<b>67,161</b>

a. As part of the IOOF Ltd Group distribution strategy, a subsidiary has acquired equity interests in several dealer groups.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>10. OTHER ASSETS</b>		
Prepayments	724	319
Lease bond deposit	15	13
Other	48	-
	787	332

### 11. PLANT AND EQUIPMENT

<b>Plant and Equipment</b>		
Cost	7,964	4,766
Accumulated depreciation	(1,542)	(305)
	6,422	4,461

#### Reconciliations

	Freehold Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Total \$'000
<b>Consolidated - 2002</b>				
Carrying amount at start of year	-	-	4,461	4,461
Additions	-	-	5,754	5,754
Disposals	-	-	(2,236)	(2,236)
Depreciation / amortisation (Note 3)	-	-	(1,557)	(1,557)
Carrying amount at end of year	-	-	6,422	6,422
<b>Consolidated - 2001</b>				
Carrying amount at start of year	2,250	7,763	2,697	12,710
Additions	-	-	5,197	5,197
Disposals	(2,250)	(7,698)	(2,590)	(12,538)
Depreciation / amortisation (Note 3)	-	(65)	(843)	(908)
Carrying amount at end of year	-	-	4,461	4,461

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
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### 12. TAX ASSETS

Tax refund due	1,779	71
Future income tax benefit (Note 12(a))	3,267	872
	5,046	943

#### a. Future income tax benefits carried forward comprise:

Timing differences	3,259	779
Tax losses	8	93
	3,267	872

Reconciliation of the carrying amounts of future income tax benefits at the beginning and end of the current and previous financial year are set out below:

Carrying amount at start of the year	872	2,649
Amount arising during the year	711	(65)
Recognition of FITB in IOOF Ltd not previously brought to account	1,684	-
Write off of subsidiary FITB as not virtually certain of recovery	-	(1,660)
Adjustment due to tax rate change	-	(52)
Carrying amount at end of the financial year	3,267	872

#### b. Certain future income tax benefits have not been recognised as an asset:

Attributable to timing differences, the benefits of which are not assured beyond reasonable doubt.	1,675	1,522
Attributable to tax losses, the benefits of which are not virtually certain.	7,323	3,361
	8,998	4,883

The future income tax benefits will only be realised if:

- i. the IOOF Ltd Group derives assessable income of a nature and of sufficient amount to enable the benefit from the deductions to be realised;
- ii. the IOOF Ltd Group continues to comply with the conditions for deductibility imposed by the law; and
- iii. there is no change in legislation which would affect the IOOF Ltd Group's ability to realise the benefit.

Future benefits of tax losses have been brought to account where there is virtual certainty as to their recovery.

### 13. INTANGIBLE ASSETS

Deferred acquisition costs (Note 1(k))	13,957	8,022
Excess of net market value over net assets of controlled entities (Note 1(b))	21,711	4,570
	35,668	12,592

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>14. PAYABLES</b>		
Accounts payable	11,785	9,300
Amounts payable to other related parties	2,614	2,358
	14,399	11,658
<b>15. TAX LIABILITIES</b>		
Provision for income tax	412	1,309
Provision for deferred income tax	374	361
	786	1,670
<b>16. PROVISIONS</b>		
Provision for employee entitlements	5,551	3,297
Provision for Directors' retirement	351	308
Provision for outstanding health claims	2,473	2,200
Other provisions	4,748	4,892
	13,123	10,697
<b>Employee Numbers</b>		
Number of employees at the end of the financial year	265	264
<b>17. RESERVES AND RETAINED EARNINGS</b>		
<b>a. Reserves</b>		
Asset revaluation reserve	-	-
General reserve	35	35
Solvency Reserve No. 2	-	-
	35	35
<b>Movements:</b>		
<b><i>Asset revaluation reserve</i></b>		
Balance at beginning of financial year	-	6,562
Transfer to Retained Earnings	-	(6,562)
Balance at end of financial year	-	-
<b><i>General reserve</i></b>		
Balance at beginning of financial year	35	38
Payments from reserve	-	(3)
Balance at end of financial year	35	35

The general reserve has been created to allow payment of member claims on behalf of merged traditional funds which cannot be met by continuing funds.



# IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>17. RESERVES AND RETAINED EARNINGS (continued)</b>		
<b>a. Movements (continued):</b>		
<b><i>Solvency Reserve No. 2</i></b>		
Balance at beginning of financial year	-	6,723
Net transfer to Retained Earnings	-	(6,723)
Balance at end of financial year	-	-
<b>b. Retained Earnings</b>		
Balance at beginning of financial year	100,365	78,950
Net profit attributable to members of IOOF Ltd	15,576	8,130
Transfer from Asset Revaluation Reserve	-	6,562
Transfer from Solvency Reserve No. 2	-	6,723
Adjustment on liquidation of subsidiary	106	-
Balance at end of financial year	116,047	100,365
<b>18. OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES</b>		
Interest in:		
Share capital	142	147
Retained Earnings	11	6
	153	153
<b>19. AUDITORS' REMUNERATION</b>		
<b>a. Auditing the financial reports</b>		
<b>i. PricewaterhouseCoopers</b>		
Parent entity	161	178
Controlled entities	137	113
Other related parties	311	222
<b>ii. Deloitte Touche Tohmatsu</b>		
Other related parties	3	4
	612	517
<b>b. Other services</b>		
<b>i. PricewaterhouseCoopers</b>		
Audit related services	124	107
Consulting and advisory services	19	284
Taxation services	181	404
Due diligence demutualisation	270	-
<b>ii. Deloitte Touche Tohmatsu</b>		
Audit related services	-	43
	594	838

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 20. CONTINGENT LIABILITIES

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

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
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### 21. CAPITAL COMMITMENTS

During the year, a subsidiary acquired interests in various dealer group entities and has part paid the agreed purchase price. Under the terms of the agreements with these dealer entities, the IOOF Ltd Group has a contingent commitment to contribute the remaining purchase price. The amount of the additional purchase price is contingent on the dealer entities reaching agreed performance targets.

The maximum contingent consideration payable in respect of the dealer group agreements is:

	3,300	-
--	-------	---

### 22. OTHER COMMITMENTS

Non-cancellable operating lease commitments and hire expenditure payable:

- not later than one year	2,712	3,132
- later than one year, not later than two years	2,432	2,012
- later than two years, not later than five years	1,982	3,234
- later than five years	-	-
	7,126	8,378

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 23. DIRECTORS' AND EXECUTIVES' REMUNERATION

#### Directors' Remuneration

The Directors of the Company during the financial year were:

Mr L A Bytheway	Dr N L Scheinkestel (resigned 10 October 2001)
Dr R N Sexton	Mr R J Schoer
Mr I Blair	Ms K D Spargo
Mr M U R Crivelli – Executive Director	Mr R J Turner - Managing Director
Mr L L'Huillier (resigned 18 December 2001)	
Mr M W Parkinson, C.B.E.	

#### *Directors of the Company (Group Board) as listed above*

	2002	2001
	\$	\$
Total of the fees paid and payable to Non-Executive Directors in respect of the management of the affairs of the Company. Directors' fees approved at the Annual General Meeting held on 13 November 2001 was \$550,000.	434,973	427,132
Other benefits (superannuation and health insurance) paid and payable to Non-Executive Directors in respect of the management of the affairs of the Company.	44,243	41,901
Total remuneration paid and payable to Non-Executive Directors in respect of the management of the affairs of related parties, controlled entities and their committees.	51,950	61,145
Total remuneration paid and payable to Executive Directors in respect of the management of the affairs of the Company, related parties, controlled entities and committees.	915,329	803,142
<b><i>Other Directors (Controlled Entities)</i></b>		
Total remuneration paid and payable to Non-Executive Directors (other than Company Directors) in respect of the management of the affairs of related parties, controlled entities and committees.	21,600	59,000
Total remuneration paid and payable to Executive Directors (other than Company Directors) in respect of the management of the affairs of related parties, controlled entities and committees.	1,120,237	1,183,876
<b><i>Retirement Benefits of Directors</i></b>		
Total retirement benefits paid and payable at the end of the year to Non-Executive Directors of the Company, by the Company or by controlled entities or by any related party.	49,498	21,388

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 23. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

#### Directors' Remuneration (continued)

Number of Directors of the Company whose income from the Company or from controlled entities or from any related party was within the following bands (including salaries of Executive Directors):

	2002 Number	2001 Number
\$ 10,000 - \$ 19,999	-	1
\$ 20,000 - \$ 29,999	1	-
\$ 40,000 - \$ 49,999	-	1
\$ 50,000 - \$ 59,999	-	1
\$ 60,000 - \$ 69,999	3	5
\$ 70,000 - \$ 79,999	2	-
\$ 80,000 - \$ 89,999	1	-
\$ 130,000 - \$ 139,999	1	1
\$ 210,000 - \$ 219,999	1	1
\$ 580,000 - \$ 589,999	-	1
\$ 690,000 - \$ 699,999	1	-
	10	11

During the year, an Executive Director received long term incentives in accordance with his terms of employment. These incentives have accumulated from previous periods.

	Consolidated 2002 \$	Consolidated 2001 \$
<b>Executives' Remuneration</b>		
The aggregate remuneration of executive officers of the economic entity receiving \$100,000 or more from the entity, for which they are executive officers, or from any related party including termination payments.	4,160,896	4,169,402

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 23. DIRECTORS' AND EXECUTIVES' REMUNERATION (continued)

#### Executives' Remuneration (continued)

Number of executive officers including Executive Directors of the IOOF Ltd Group whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

	2002 Number	2001 Number
\$ 110,000 - \$ 119,999	-	2
\$ 120,000 - \$ 129,999	1	1
\$ 140,000 - \$ 149,999	-	2
\$ 160,000 - \$ 169,999	2	1
\$ 180,000 - \$ 189,999	1	1
\$ 190,000 - \$ 199,999	-	1
\$ 200,000 - \$ 209,999	2	3
\$ 210,000 - \$ 219,999	2	1
\$ 220,000 - \$ 229,999	-	1
\$ 230,000 - \$ 239,999	-	1
\$ 240,000 - \$ 249,999	-	1
\$ 270,000 - \$ 279,999	-	2
\$ 280,000 - \$ 289,999	1	-
\$ 300,000 - \$ 309,999	2	1
\$ 330,000 - \$ 339,999	2	-
\$ 420,000 - \$ 429,999	1	-
\$ 580,000 - \$ 589,999	-	1
\$ 690,000 - \$ 699,999	1	-
	15	19

This schedule includes amounts paid as termination benefits to executives.

During the year, an Executive Director received long term incentives in accordance with his terms of employment. These incentives have been accumulated from previous periods.

### 24. RELATED PARTIES

#### a. Identities of Related Parties

Controlled entities (detailed in Note 25).

IOOF Unit Trusts

IOOF Benefit Funds

Directors (detailed in Note 23).

#### b. Controlled Entities

***The following related party transactions occurred during the year:***

- Payment of management fees on normal terms and conditions.
- Provision of administrative services to and from controlled entities based on cost and/or agreed charges. Services include accounting, secretarial, payroll, taxation, group management, legal, computer and investment management.
- Provision of office accommodation on normal terms and conditions.
- Reimbursement of expenses and disbursements made on behalf of controlled entities.
- Loan facilities made at market rates.
- Commission paid on normal terms and conditions.
- Receipt of dividend from associated entity.
- Subscription of shares in controlled entities.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
<b>24. RELATED PARTIES (continued)</b>		
<b>c. Other Related Parties</b>		
<b><i>Investments in related party trusts:</i></b>		
IOOF Wholesale Cash & Short Term Securities Trust (2002: 19,749,191 units, 2001: 41,101,384 units)	20,962	43,559
IOOF Balanced Trust (2002: 794,593 units, 2001: nil units)	812	-
IOOF Dimension Series (2002: 400,000 units, 2001: nil units)	395	-
<b><i>Unsecured Loans to Executive Directors of Controlled Entities:</i></b>		
The aggregate value of loans to Executive Directors of controlled entities at balance date amounted to:	309	142
Interest revenue on loans referred to above	16	11
Loans made to Directors of controlled entities during the year	167	2

Directors who received the loans referred to were Mr M Crivelli, Mr K Series, Mr A Hodges and Mr J Murray. The loans were made on commercial terms and conditions. One loan was advanced for the purpose of providing mortgage finance and the other loans were made for the specific purpose of assisting Directors to acquire an equity interest in subsidiary entities.

#### **d. Other transactions entered into during the year with Directors and their Director-related entities**

A subsidiary of IOOF Ltd holds a 20% interest in Sustainable Investment Research Institute Pty Ltd (SIRIS) (2001: 20% interest) to develop and part fund an ethical investment research group. A foundation shareholder of SIRIS is a relative of Mr L A Bytheway. During the year, the economic entity has paid various expenses on behalf of SIRIS and has been subsequently reimbursed. At 30 June 2002, the amount owed by SIRIS to IOOF Ltd was \$354,670.

A Director, Mr I Blair is Executive General Manager of the firm Allens Arthur Robinson. During the financial year, Allens Arthur Robinson provided legal services to IOOF Ltd on normal commercial terms and conditions.

#### **e. Ultimate Parent Entity**

IOOF Ltd is the ultimate parent entity in the IOOF Ltd Group.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

Company's Equity Holding	
2002	2001
%	%

### 25. CONTROLLED ENTITIES

#### Parent entity:

IOOF Ltd

#### Controlled entities:

IOOF Life Ltd (formerly IOOF Community Villages Ltd)	100.0	100.0
IOOF Investment Holdings Ltd (formerly IOOF Retirement Services Pty Ltd)	100.0	100.0
Winchcombe Carson Financial Planning Pty Ltd	100.0	100.0
IOOF Investment Management Limited	100.0	100.0
Australian Financial Planning Network Ltd (formerly IOOF Funds Management Ltd)	100.0	100.0
Perennial Investment Partners Limited	73.9	73.9
Perennial Value Management Limited	55.4	55.4
Perennial Investment Partners Asia Limited	70.2	70.2
Perennial Fixed Interest Partners Pty Ltd	73.9	-
Perennial Capital Management Pty Ltd	73.9	-
Perennial International Equities Management Pty Ltd	73.9	-
IOOF Health Services Ltd	100.0	100.0
SA Holdings Pty Ltd (formerly Independent Order of Odd Fellows Pty Ltd)	100.0	100.0
Security Management Services Pty Ltd	100.0	100.0
* Bowman Manser & Associates Pty Ltd	-	100.0
Pinnacle Partners Pty Ltd (formerly Bowman Manser Financial Planning Pty Ltd)	100.0	100.0
Mandarin Centre Nominees Pty Ltd	100.0	100.0

All companies are incorporated and carry on business in Australia.

\* The Company was liquidated during the year.

- a. The investment in Perennial Investment Partners Limited is through IOOF Investment Management Limited which directly holds a 73.9% (2001:73.9%) shareholding in Perennial Investment Partners Limited.
- b. The investment in Perennial Value Management Limited is through Perennial Investment Partners Limited which directly holds a 75% (2001:75%) shareholding in Perennial Value Management Limited.
- c. The investment in Perennial Investment Partners Asia Limited is through Perennial Investment Partners Limited which directly holds a 95% (2001:95%) shareholding in Perennial Investment Partners Asia Limited.
- d. During the year, IOOF Ltd through its controlled entity Perennial Investment Partners Limited, which holds a 100% direct interest in Perennial Fixed Interest Partners Pty Ltd, acquired a 73.9% indirect holding in Perennial Fixed Interest Partners Pty Ltd.
- e. During the year, IOOF Ltd through its controlled entity Perennial Investment Partners Limited, which holds a 100% direct interest in Perennial Capital Management Pty Ltd, acquired a 73.9% indirect holding in Perennial Capital Management Pty Ltd.
- f. During the year, IOOF Ltd through its controlled entity Perennial Investment Partners Limited, which holds a 100% direct interest in Perennial International Equities Management Pty Ltd, acquired a 73.9% indirect holding in Perennial International Equities Management Pty Ltd.
- g. Security Management Services Pty Ltd has an interest of 90.9% in the issued units of the IOOF Split Property Trust (2001: 90.9%).
- h. During the year, the interests in Pinnacle Partners Pty Ltd held by Security Management Services Pty Ltd and IOOF Ltd were transferred to Australian Financial Planning Network Ltd.
- i. During the year, the interest in Winchcombe Carson Financial Planning Pty Ltd held by IOOF Ltd was transferred to Australian Financial Planning Network Ltd.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 26. SEGMENT INFORMATION

#### Primary Reporting - Business Segments

	Funds Management and Administration	Health	Distribution Networks	Other	Inter-segment Eliminations	Consolidated
2002	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fee and commission revenue	61,758	-	13,636	-	-	75,394
Premium income	-	16,472	-	-	-	16,472
Inter-segment revenue	-	-	5,470	-	(5,470)	-
Other revenue	40,220	(1,280)	792	18,701	(29,284)	29,149
Total revenue	101,978	15,192	19,898	18,701	(34,754)	121,015
Share of net profits of associates	-	-	425	-	-	425
Total segment revenue	101,978	15,192	20,323	18,701	(34,754)	121,440
Segment result	21,014	(225)	70	18,603	(28,827)	10,635
Unallocated revenue less unallocated expense						-
Profit from ordinary activities before income tax benefit						10,635
Income tax benefit						4,942
Profit from ordinary activities after income tax benefit						15,577
Profit/loss from extraordinary items after income tax benefit						-
Net Profit						15,577
Segment assets	199,580	12,182	9,678	1,234	(78,131)	144,543
Unallocated assets						-
Total assets						144,543
Segment liabilities	20,824	5,681	2,905	6,037	(7,139)	28,308
Unallocated liabilities						-
Total liabilities						28,308
Investments in associates	-	-	2,000	-	-	2,000
Acquisition of plant and equipment, intangibles and other non current segment assets	33,468	67	102	310	-	33,947
Depreciation and amortisation expense	4,852	26	51	-	-	4,929



# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 26. SEGMENT INFORMATION (continued)

#### Primary Reporting - Business Segments

	Funds Management and Administration	Health	Distribution Networks	Other	Inter-segment Eliminations	Consolidated
2001	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fee and commission revenue	42,075	-	11,606	918	-	54,599
Premium income	-	16,849	-	-	-	16,849
Inter-segment revenue	-	-	4,093	-	(4,093)	-
Other revenue	30,960	4,916	(95)	2,487	(17,786)	20,482
<b>Total revenue</b>	<b>73,035</b>	<b>21,765</b>	<b>15,604</b>	<b>3,405</b>	<b>(21,879)</b>	<b>91,930</b>
Share of net profits of associates	-	-	210	-	-	210
<b>Total segment revenue</b>	<b>73,035</b>	<b>21,765</b>	<b>15,814</b>	<b>3,405</b>	<b>(21,879)</b>	<b>92,140</b>
<b>Segment result</b>	<b>8,341</b>	<b>5,327</b>	<b>115</b>	<b>2,354</b>	<b>(8,815)</b>	<b>7,322</b>
Unallocated revenue less unallocated expense						-
Profit from ordinary activities before income tax benefit						7,322
Income tax benefit						807
Profit from ordinary activities after income tax benefit						8,129
Profit/loss from extraordinary items after income tax benefit						-
<b>Net Profit</b>						<b>8,129</b>
<b>Segment assets</b>	<b>182,427</b>	<b>13,009</b>	<b>4,494</b>	<b>20,100</b>	<b>(95,452)</b>	<b>124,578</b>
Unallocated assets						-
<b>Total assets</b>						<b>124,578</b>
<b>Segment liabilities</b>	<b>37,246</b>	<b>5,809</b>	<b>2,669</b>	<b>27,822</b>	<b>(49,521)</b>	<b>24,025</b>
Unallocated liabilities						-
<b>Total liabilities</b>						<b>24,025</b>
Investments in associates	-	-	503	-	-	503
Acquisition of plant and equipment, intangibles and other non current segment assets	13,373	19	-	781	4,570	18,743
Depreciation and amortisation expense	4,535	20	48	101	-	4,704

#### Secondary Reporting - Geographical segments

The IOOF Ltd Group operates in the one geographic segment of Australia.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 26. SEGMENT INFORMATION (continued)

#### NOTES TO AND FORMING PART OF THE SEGMENT INFORMATION

##### (a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1, and the revised segment reporting accounting standard, AASB 1005 Segment Reporting, which has been applied for the first time in the year ended 30 June 2002. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different to the industry and geographical segments identified in previous years. The comparative information has been restated to present the information on a consistent basis with current year disclosures.

##### (b) Inter-segment eliminations

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

##### (c) Equity accounted investments

The consolidated entity had a 50% interest in a joint venture company, Bendigo Investment Services Ltd in 2001, which has been accounted for using the equity method and has been allocated to the Distribution Network segment. This investment was divested in the current financial year.

During the year, the economic entity acquired a 50% interest in Workforce Financial Services Pty Ltd.

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
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### 27. NOTES TO THE STATEMENT OF CASH FLOWS

#### a. Reconciliation of cash assets

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, deposits at call, including unit investments readily convertible to cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash	8,174	10,792
Deposits at call	31,070	2,792
	39,244	13,584
Units in IOOF Wholesale Cash & Short Term Securities Trust	20,962	43,559
	60,206	57,143

#### b. Reconciliation of net cash provided by/(used in) operating activities to profit from ordinary activities after income tax

Profit from ordinary activities after income tax	15,577	8,129
(Profit)/loss on disposal of assets	1,054	(38)
(Profit)/loss on disposal of businesses	-	(1,679)
Share of profit in associated investment	(425)	(210)
Net revaluation of investments	(18,999)	(9,385)
Depreciation of assets	1,557	908
Increase/(decrease) in tax assets:		
- Increase/(decrease) in income tax payable	(897)	1,116
- Increase/(decrease) in deferred income tax payable	13	(1,198)
- (Increase)/decrease in future income tax benefit	(2,395)	1,831
- (Increase)/decrease in income tax receivable	(1,708)	3,189
Changes in net operating assets and liabilities:		
- (Increase)/decrease in receivables	1,750	(7,516)
- (Increase)/decrease in other assets	(455)	(5,180)
- Increase/(decrease) in payables	2,598	486
- Increase/(decrease) in provisions	2,569	2,638
Net cash provided by/(used in) operating activities	239	(6,909)

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 27. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

#### c. Cash not available for use

\$80,000 (2001: \$108,000) is held in cash to satisfy minimum net tangible assets and dealers licence requirements. These amounts are not available for use.

	Consolidated 2002 \$'000	Consolidated 2001 \$'000
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#### d. Business Disposal

During the last financial year, the economic entity disposed of its Trustee business.

There were no disposals this year. Details of the disposal are as follows:

Consideration:

Cash	-	8,755
<hr/>		
Net Cash Inflow on Disposal:		
Cash	-	8,755
Less cash balances disposed	-	(6,279)
	-	2,476

Book Value of Assets Sold:

Cash	-	6,279
Receivables	-	1,923
Investments	-	7
Plant and equipment	-	850
Future income tax benefit	-	92
Accounts payable	-	(159)
Deferred tax liabilities	-	(146)
Provisions	-	(456)
<hr/>		
Net assets disposed	-	8,390

### 28. FINANCIAL INSTRUMENTS

#### a. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### b. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The carrying amount of financial assets recorded in the Statement of Financial Position, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group does not have any significant credit risk exposure to any single counterparty.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 28. FINANCIAL INSTRUMENTS (continued)

#### c. Interest Rate Risk

The following table details the Group's exposure to interest rate risk as at the reporting date:

2002	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate		Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1-5 Years \$'000		
<b>Financial Assets</b>						
Cash & cash equivalents	4.04	39,244	-	-	-	39,244
Units in IOOF unlisted trusts (i)		-	-	-	22,169	22,169
Receivables		-	-	-	13,084	13,084
Fully paid notes	15.50	-	-	300	-	300
Loans to directors	6.45	309	-	-	-	309
Mortgages	7.00	-	-	225	-	225
Investments in other corporations		-	-	-	3,487	3,487
Ordinary shares		-	-	-	10,585	10,585
Equity investment in member funds (ii)		-	-	-	7,192	7,192
Options in other organisations		-	-	-	8	8
Income tax receivable		-	-	-	1,367	1,367
		39,553	-	525	57,892	97,970
<b>Financial Liabilities</b>						
Accounts payable		-	-	-	14,399	14,399
		-	-	-	14,399	14,399
Net Financial Assets		39,553	-	525	43,493	83,571

(i) These investments are priced daily and gains or losses on investments are reflected as movements in market value.

(ii) The equity investment in member funds is subject to an interim non guaranteed bonus rate.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 28. FINANCIAL INSTRUMENTS (continued)

#### c. Interest Rate Risk (continued)

2001	Average Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate		Non Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1-5 Years \$'000		
<b>Financial Assets</b>						
Cash & cash equivalents	4.45	13,584	-	-	-	13,584
Units in IOOF unlisted trusts (i)		-	-	-	43,559	43,559
Receivables		-	-	-	24,873	24,873
Loans to directors	7.55	142	-	-	-	142
Mortgages	7.00	-	-	225	-	225
Investments in other corporations		-	-	-	350	350
Ordinary shares		-	-	-	15,727	15,727
Equity investment in member funds (ii)		-	-	-	7,192	7,192
		13,726	-	225	91,701	105,652
<b>Financial Liabilities</b>						
Accounts payable		-	-	-	11,658	11,658
Income tax payable		-	-	-	1,238	1,238
		-	-	-	12,896	12,896
Net Financial Assets		13,726	-	225	78,805	92,756

(i) These investments are priced daily and gains or losses on investments are reflected as movements in market value.

(ii) The equity investment in member funds is subject to an interim non guaranteed bonus rate.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

	2002	2001
	\$'000	\$'000
<b>28. FINANCIAL INSTRUMENTS (continued)</b>		
<b>Reconciliation of Net Financial Assets to Net Assets</b>		
Net financial assets as above	83,571	92,756
<b>Non financial assets and liabilities:</b>		
Regulatory deposits	80	108
Investment in associated company	-	503
Deferred acquisition costs	13,957	8,022
Excess of net market value over net assets of controlled entities	21,711	4,570
Prepayments	724	319
Plant and equipment	6,422	4,461
Future income tax benefits	3,267	872
Provision for employee entitlements	(5,551)	(3,297)
Provision for Directors' retirement	(351)	(308)
Provision for outstanding health claims	(2,473)	(2,200)
Provision for deferred income tax	(374)	(361)
General provisions	(4,748)	(4,892)
Net assets per Statement of Financial Position	116,235	100,553

### d. Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 29. SUBSEQUENT EVENTS

At the close of 30 June 2002, IOOF Ltd was demutualised. IOOF Holdings Ltd became the parent entity of IOOF Ltd and IOOF Ltd transferred to IOOF Holdings Ltd all of those assets and liabilities of IOOF Ltd which were not assets and liabilities of the IOOF Benefits Funds. Members of IOOF Ltd were issued with shares in IOOF Holdings Ltd. This event occurred after the reporting date of this report and the financial impact of this event has not been recognised in this financial report. The net assets disclosed in the consolidated Statement of Financial Position of the IOOF Holdings Ltd Group, post demutualisation, is the same as the net assets disclosed in the IOOF Ltd Pre Demutualisation Statement of Financial Position, except that future discounted net cash flows of the IOOF Benefits Funds totalling \$13,300,000 have been recognised as an other financial asset in the IOOF Holdings Ltd Group.

### 30. TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION

In accordance with statutory requirements, each member fund is distinct and separate and accordingly, retained profits held in each member fund are not available for distribution to other members in the IOOF Ltd Group.

In addition to the assets controlled by the IOOF Ltd Group as reported in the consolidated financial statements, IOOF Ltd Group also manages other assets on behalf of other parties. Total assets under management and administration, not forming part of the financial statements, after eliminating appropriate inter-entity transactions and balances, are as follows:

	2002 \$'000	2001 \$'000
Assets under management per statutory balance sheet (Note 31(a) & (b))	1,157,942	1,220,478
Unit Trusts & Other Managed Funds	724,140	529,820
Superannuation Master Fund	1,087,658	760,966
Portfolio management	949,882	347,161
<b>Total Assets under Management and Administration</b>	<b>3,919,622</b>	<b>2,858,425</b>

The assets under management and administration detailed above do not include funds under advice relating to the Group's financial planning business.

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(a) BENEFIT FUNDS - ALLOCATED SURPLUS - 2002

	Value of Policy Liabilities 01/07/01 \$'000	Mergers of Benefit Funds \$'000	Liability Component of Contributions \$'000	Withdrawals \$'000
Supersaver - Capital Guaranteed Fund	525,847	-	14,430	(63,773)
Supersaver - Fixed Interest Fund	47,078	-	617	(6,011)
Supersaver - Australian Equities Fund	103,370	-	21,581	(7,662)
Supersaver - Capital Stable Fund	45,105	-	4,142	(5,063)
Supersaver - Balanced Fund	159,639	-	12,568	(16,494)
Supersaver - Mortgage Fund	2,682	-	2	(308)
Supersaver - Death Assurance	-	-	16	-
BT Investment Bond	161,185	-	198	(21,929)
Estate Essentials Bond	77,279	-	2,817	(3,898)
Capital Builder Bond	15,783	-	96	(2,228)
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>1,137,968</b>	<b>-</b>	<b>56,467</b>	<b>(127,366)</b>
Consolidated Assurance Fund	1,179	-	-	(37)
Combined Assurance Fund	2,158	-	-	(47)
OST Assurance Benefit Fund	461	-	-	-
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>3,798</b>	<b>-</b>	<b>-</b>	<b>(84)</b>
Deferred Annuity - Capital Guaranteed Fund	15,787	-	83	(2,433)
Deferred Annuity - Managed Fund	40,125	-	453	(4,128)
Deferred Annuity - Capital Stable Fund	5,634	-	-	(892)
Deferred Annuity - Cash Management Fund	934	-	2	(312)
Guaranteed Personal Income Plan Fund	1,072	-	-	(230)
IOOF Term Annuity Fund	3,243	-	-	(2,862)
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>66,795</b>	<b>-</b>	<b>538</b>	<b>(10,857)</b>
Capital Guaranteed Superannuation Bond	4,096	-	113	(702)
<b>SUPERANNUATION FUNDS</b>	<b>4,096</b>	<b>-</b>	<b>113</b>	<b>(702)</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>1,212,657</b>	<b>-</b>	<b>57,118</b>	<b>(139,009)</b>



Service Fees, Stamp Duties & Expenses \$'000	Allocation of Surplus \$'000	Policy Liability Revaluation \$'000	Value of Policy Liabilities 30/06/02 \$'000	Solvency Requirements 30/06/02 \$'000	Ratio to Gross Assets
(132)	13,197	-	489,569	3,304	0.971
(12)	1,305	-	42,977	-	1.000
(91)	1,071	-	118,269	-	1.000
(46)	643	-	44,781	-	1.000
(136)	(5,350)	-	150,227	-	1.000
-	71	-	2,447	-	1.000
(16)	-	-	-	-	1.000
-	4,395	-	143,849	126	0.961
(136)	2,572	-	78,634	-	0.966
-	503	-	14,154	118	0.964
(569)	18,407	-	1,084,907	3,548	
-	75	-	1,217	-	0.960
-	147	-	2,258	-	0.921
-	49	-	510	-	0.932
-	271	-	3,985	-	
(9)	415	-	13,843	95	0.996
(74)	1,329	-	37,705	-	1.000
(11)	101	-	4,832	-	1.000
-	34	-	658	-	1.000
-	7	-	849	18	0.946
-	-	(381)	-	-	1.000
(94)	1,886	(381)	57,887	113	
(11)	112	-	3,608	23	0.996
(11)	112	-	3,608	23	
(674)	20,676	(381)	1,150,387	3,684	0.967

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(a) BENEFIT FUNDS - STATEMENT OF FINANCIAL PERFORMANCE - 2002

	Unallocated Surplus 01/07/01	Net Investment Income	Revenue Component of Contributions	Other Income	Fees to Management Fund	Claims Expense	Policy Liability Revaluation
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supersaver - Capital Guaranteed Fund	37	24,517	74	237	(7,884)	-	-
Supersaver - Fixed Interest Fund	-	2,406	3	-	(685)	-	-
Supersaver - Australian Equities Fund	-	(485)	105	749	(1,793)	-	-
Supersaver - Capital Stable Fund	-	839	29	213	(713)	-	-
Supersaver - Balanced Fund	-	(8,827)	77	896	(2,446)	-	-
Supersaver - Mortgage Fund	-	131	-	-	(39)	-	-
Supersaver - Death Assurance	-	-	1	-	(1)	-	-
BT Investment Bond	6	7,484	8	-	(2,325)	-	-
Estate Essentials Bond	4	3,839	34	35	(1,204)	-	-
Capital Builder Bond	1	748	-	7	(230)	-	-
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>48</b>	<b>30,652</b>	<b>331</b>	<b>2,137</b>	<b>(17,320)</b>	<b>-</b>	<b>-</b>
Consolidated Assurance Fund	53	55	-	-	(29)	-	-
Combined Assurance Fund	126	103	-	-	(69)	-	-
OST Assurance Benefit Fund	21	23	-	31	(15)	-	-
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>200</b>	<b>181</b>	<b>-</b>	<b>31</b>	<b>(113)</b>	<b>-</b>	<b>-</b>
Deferred Annuity - Capital Guaranteed Fund	-	730	-	7	(225)	-	-
Deferred Annuity - Managed Fund	-	1,715	1	205	(588)	-	-
Deferred Annuity - Capital Stable Fund	-	173	-	24	(80)	-	-
Deferred Annuity - Cash Management Fund	-	41	-	3	(11)	-	-
Guaranteed Personal Income Plan Fund	195	54	-	-	(18)	-	-
IOOF Term Annuity Fund	-	-	-	-	-	-	-
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>195</b>	<b>2,713</b>	<b>1</b>	<b>239</b>	<b>(922)</b>	<b>-</b>	<b>-</b>
Capital Guaranteed Superannuation Bond	-	194	4	2	(64)	-	-
<b>SUPERANNUATION FUNDS</b>	<b>-</b>	<b>194</b>	<b>4</b>	<b>2</b>	<b>(64)</b>	<b>-</b>	<b>-</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>443</b>	<b>33,740</b>	<b>336</b>	<b>2,409</b>	<b>(18,419)</b>	<b>-</b>	<b>-</b>

Other Expenses	Income Tax Expense	Profit/loss after income tax	Surplus Allocated to Members	Transfers from Seed Capital	Transfers (to)/from Management Fund	Unallocated Surplus 30/06/02	Management Fund Seed Capital	Total Members' Funds (Policy Liabilities plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(234)	(3,549)	13,161	(13,197)	-	-	1	5,243	494,813
(2)	(417)	1,305	(1,305)	-	-	-	-	42,977
(4)	2,499	1,071	(1,071)	-	-	-	-	118,269
(10)	285	643	(643)	-	-	-	-	44,781
(25)	4,975	(5,350)	5,350	-	-	-	-	150,227
-	(21)	71	(71)	-	-	-	-	2,447
-	-	-	-	-	-	-	-	-
(10)	(758)	4,399	(4,395)	-	-	10	1,563	145,422
(10)	-	2,694	(2,572)	-	-	126	-	78,760
(22)	-	503	(503)	-	-	1	153	14,308
(317)	3,014	18,497	(18,407)	-	-	138	6,959	1,092,004
(1)	(3)	22	(75)	-	-	-	13	1,230
(4)	(9)	21	(147)	-	-	-	24	2,282
-	(11)	28	(49)	-	-	-	5	515
(5)	(23)	71	(271)	-	-	-	42	4,027
(6)	(90)	416	(415)	-	-	1	153	13,997
(2)	(2)	1,329	(1,329)	-	-	-	-	37,705
(1)	(15)	101	(101)	-	-	-	-	4,832
(1)	2	34	(34)	-	-	-	-	658
-	-	36	(7)	-	-	224	-	1,073
-	-	-	-	-	-	-	-	-
(10)	(105)	1,916	(1,886)	-	-	225	153	58,265
(6)	(18)	112	(112)	-	-	-	38	3,646
(6)	(18)	112	(112)	-	-	-	38	3,646
(338)	2,868	20,596	(20,676)	-	-	363	7,192	1,157,942

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(a) BENEFIT FUNDS - STATEMENT OF FINANCIAL POSITION - 2002

	Cash & Cash Equivalents	Receivables	Securities	Loans & Advances	Other Investments	Other Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supersaver - Capital Guaranteed Fund	3,524	6,434	472,780	17,872	609	580
Supersaver - Fixed Interest Fund	6,549	928	34,746	1,349	17	17
Supersaver - Australian Equities Fund	120	7,425	113,428	-	-	-
Supersaver - Capital Stable Fund	229	1,444	42,865	334	24	472
Supersaver - Balanced Fund	1,967	7,299	138,470	273	59	4,419
Supersaver - Mortgage Fund	241	10	1,392	838	-	-
Supersaver - Death Assurance Fund	10	44	-	-	-	-
BT Investment Bond	9,715	29,947	106,564	-	-	7
Estate Essentials Bond	4,224	1,208	73,323	-	103	-
Capital Builder Bond	594	288	13,438	-	23	-
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>27,173</b>	<b>55,027</b>	<b>997,006</b>	<b>20,666</b>	<b>835</b>	<b>5,495</b>
Consolidated Assurance Fund	1,244	5	-	-	-	-
Combined Assurance Fund	2,280	8	-	-	-	-
OST Assurance Benefit Fund	524	2	-	-	-	-
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>4,048</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Annuity - Capital Guaranteed Fund	497	283	13,274	-	21	9
Deferred Annuity - Managed Fund	1,729	874	35,482	-	17	-
Deferred Annuity - Capital Stable Fund	8	123	4,723	-	3	8
Deferred Annuity - Cash Management Fund	-	10	649	-	-	1
Guaranteed Personal Income Plan Fund	138	15	920	-	1	-
IOOF Term Annuity Fund	-	5	-	-	-	-
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>2,372</b>	<b>1,310</b>	<b>55,048</b>	<b>-</b>	<b>42</b>	<b>18</b>
Capital Guaranteed Superannuation Bond	324	37	3,351	-	4	2
<b>SUPERANNUATION FUNDS</b>	<b>324</b>	<b>37</b>	<b>3,351</b>	<b>-</b>	<b>4</b>	<b>2</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>33,917</b>	<b>56,389</b>	<b>1,055,405</b>	<b>20,666</b>	<b>881</b>	<b>5,515</b>

Total Assets	Liabilities	Net Assets	Members' Balances	Unallocated Surplus	Management Fund Seed Capital	Total Members' Funds (Policy Liabilities plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
501,799	(6,986)	494,813	489,569	1	5,243	494,813
43,606	(629)	42,977	42,977	-	-	42,977
120,973	(2,704)	118,269	118,269	-	-	118,269
45,368	(587)	44,781	44,781	-	-	44,781
152,487	(2,260)	150,227	150,227	-	-	150,227
2,481	(34)	2,447	2,447	-	-	2,447
54	(54)	-	-	-	-	-
146,233	(811)	145,422	143,849	10	1,563	145,422
78,858	(98)	78,760	78,634	126	-	78,760
14,343	(35)	14,308	14,154	1	153	14,308
<b>1,106,202</b>	<b>(14,198)</b>	<b>1,092,004</b>	<b>1,084,907</b>	<b>138</b>	<b>6,959</b>	<b>1,092,004</b>
1,249	(19)	1,230	1,217	-	13	1,230
2,288	(6)	2,282	2,258	-	24	2,282
526	(11)	515	510	-	5	515
<b>4,063</b>	<b>(36)</b>	<b>4,027</b>	<b>3,985</b>	<b>-</b>	<b>42</b>	<b>4,027</b>
14,084	(87)	13,997	13,843	1	153	13,997
38,102	(397)	37,705	37,705	-	-	37,705
4,865	(33)	4,832	4,832	-	-	4,832
660	(2)	658	658	-	-	658
1,074	(1)	1,073	849	224	-	1,073
5	(5)	-	-	-	-	-
<b>58,790</b>	<b>(525)</b>	<b>58,265</b>	<b>57,887</b>	<b>225</b>	<b>153</b>	<b>58,265</b>
3,718	(72)	3,646	3,608	-	38	3,646
<b>3,718</b>	<b>(72)</b>	<b>3,646</b>	<b>3,608</b>	<b>-</b>	<b>38</b>	<b>3,646</b>
<b>1,172,773</b>	<b>(14,831)</b>	<b>1,157,942</b>	<b>1,150,387</b>	<b>363</b>	<b>7,192</b>	<b>1,157,942</b>

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(b) BENEFIT FUNDS - ALLOCATED SURPLUS - 2001

	Value of Policy Liabilities 01/07/00 \$'000	Mergers of Benefit Funds \$'000	Liability Component of Contributions \$'000	Withdrawals \$'000
Supersaver - Capital Guaranteed Fund	597,582	-	7,282	(97,718)
Supersaver - Fixed Interest Fund	56,133	-	637	(11,179)
Supersaver - Australian Equities Fund	85,324	-	16,137	(8,165)
Supersaver - Capital Stable Fund	50,846	-	3,516	(11,392)
Supersaver - Balanced Fund	147,944	-	21,516	(18,334)
Supersaver - Mortgage Fund	3,366	-	-	(779)
Supersaver - Death Assurance Fund	-	-	13,945	(13,945)
BT Investment Bond	192,898	-	275	(37,584)
Estate Essentials Bond	75,010	-	2,090	(3,588)
Capital Builder Bond	20,218	-	113	(5,454)
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>1,229,321</b>	<b>-</b>	<b>65,511</b>	<b>(208,138)</b>
Consolidated Assurance Fund	1,254	-	-	(75)
Combined Assurance Fund	2,361	-	-	(203)
OST Assurance Benefit Fund	499	-	-	(45)
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>4,114</b>	<b>-</b>	<b>-</b>	<b>(323)</b>
Deferred Annuity - Capital Guaranteed Fund	20,423	-	135	(5,748)
Deferred Annuity - Managed Fund	46,201	-	745	(10,114)
Deferred Annuity - Capital Stable Fund	7,786	-	79	(2,554)
Deferred Annuity - Cash Management Fund	1,515	-	3	(625)
Guaranteed Personal Income Plan Fund	1,391	-	-	(319)
IOOF Term Annuity Fund	4,395	-	-	(969)
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>81,711</b>	<b>-</b>	<b>962</b>	<b>(20,329)</b>
Capital Guaranteed Superannuation Bond	5,719	-	120	(1,919)
<b>SUPERANNUATION FUNDS</b>	<b>5,719</b>	<b>-</b>	<b>120</b>	<b>(1,919)</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>1,320,865</b>	<b>-</b>	<b>66,593</b>	<b>(230,709)</b>

Service Fees, Stamp Duties & Expenses \$'000	Allocation of Surplus \$'000	Policy Liability Revaluation \$'000	Value of Policy Liabilities 30/06/01 \$'000	Solvency Requirements 30/6/01 \$'000	Ratio to Gross Assets \$'000
(137)	18,838	-	525,847	4,816	0.963
(36)	1,523	-	47,078	-	1.000
(76)	10,150	-	103,370	-	1.000
(60)	2,195	-	45,105	-	1.000
(158)	8,671	-	159,639	-	0.995
-	95	-	2,682	-	1.000
-	-	-	-	-	1.000
-	5,596	-	161,185	18,865	1.083
(128)	3,895	-	77,279	-	0.951
-	906	-	15,783	149	0.928
(595)	51,869	-	1,137,968	23,830	-
-	-	-	1,179	-	0.958
-	3	-	2,161	-	0.945
-	7	-	461	-	0.868
-	10	-	3,801	-	-
(10)	987	-	15,787	125	0.952
(96)	3,389	-	40,125	-	1.000
(19)	342	-	5,634	-	1.000
-	41	-	934	-	1.000
-	-	-	1,072	29	0.806
-	-	-	3,426	-	1.000
(125)	4,759	-	66,978	154	-
(29)	205	-	4,096	42	0.947
(29)	205	-	4,096	42	-
(749)	56,843	-	1,212,843	24,026	0.989

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(b) BENEFIT FUNDS - STATEMENT OF FINANCIAL PERFORMANCE - 2001

	Unallocated Surplus 01/07/00	Net Investment Income	Revenue Component of Contributions	Other Income	Fees to Management Fund	Claims Expense	Policy Liability Revaluation	Other Expenses
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supersaver - Capital Guaranteed Fund	-	37,411	51	97	(8,696)	-	-	(252)
Supersaver - Fixed Interest Fund	-	3,186	3	-	(785)	-	-	(11)
Supersaver - Australian Equities Fund	-	14,496	47	580	(1,487)	-	-	(11)
Supersaver - Capital Stable Fund	-	3,736	13	165	(743)	-	-	(9)
Supersaver - Balanced Fund	-	13,728	49	581	(2,397)	-	-	(28)
Supersaver - Mortgage Fund	-	207	-	-	(46)	-	-	(1)
Supersaver - Death Assurance Fund	-	2	-	-	(2)	-	-	-
BT Investment Bond	895	10,775	11	-	(2,698)	-	-	(30)
Estate Essentials Bond	-	5,036	2	14	(1,145)	-	-	(8)
Capital Builder Bond	-	1,207	1	3	(278)	-	-	(26)
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>895</b>	<b>89,784</b>	<b>177</b>	<b>1,440</b>	<b>(18,277)</b>	<b>-</b>	<b>-</b>	<b>(376)</b>
Consolidated Assurance Fund	-	73	-	-	-	-	-	-
Combined Assurance Fund	-	168	-	-	-	-	-	-
OST Assurance Benefit Fund	6	37	-	-	-	-	-	(8)
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>6</b>	<b>278</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8)</b>
Deferred Annuity - Capital Guaranteed Fund	194	1,218	-	3	(275)	-	-	(8)
Deferred Annuity - Managed Fund	-	4,042	2	176	(640)	-	-	(24)
Deferred Annuity - Capital Stable Fund	-	454	-	-	(100)	-	-	(3)
Deferred Annuity - Cash Management Fund	-	69	-	-	(14)	-	-	(2)
Guaranteed Personal Income Plan Fund	127	90	-	-	(21)	-	-	(1)
IOOF Term Annuity Fund	-	-	-	-	-	-	-	-
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>321</b>	<b>5,873</b>	<b>2</b>	<b>179</b>	<b>(1,050)</b>	<b>-</b>	<b>-</b>	<b>(38)</b>
Capital Guaranteed Superannuation Bond	-	336	4	-	(80)	-	-	(7)
<b>SUPERANNUATION FUNDS</b>	<b>-</b>	<b>336</b>	<b>4</b>	<b>-</b>	<b>(80)</b>	<b>-</b>	<b>-</b>	<b>(7)</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>1,222</b>	<b>96,271</b>	<b>183</b>	<b>1,619</b>	<b>(19,407)</b>	<b>-</b>	<b>-</b>	<b>(429)</b>



Income Tax Expense	Profit/loss after income tax	Surplus Allocated to Members	Transfers from Seed Capital	Transfers (to)/from Management Fund	Unallocated Surplus 30/06/01	Management Fund Seed Capital	Total Members' Funds (Policy Liabilities plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(9,736)	18,875	(18,838)	-	-	37	6,617	532,501
(870)	1,523	(1,523)	-	-	-	-	47,078
(3,475)	10,150	(10,150)	-	-	-	-	103,370
(967)	2,195	(2,195)	-	-	-	-	45,105
(3,262)	8,671	(8,671)	-	-	-	-	159,639
(65)	95	(95)	-	-	-	-	2,682
-	-	-	-	-	-	-	-
(3,351)	4,707	(5,596)	-	-	6	-	161,191
-	3,899	(3,895)	-	-	4	-	77,283
-	907	(906)	-	-	1	475	16,259
(21,726)	51,022	(51,869)	-	-	48	7,092	1,145,108
(20)	53	-	-	-	53	-	1,232
(39)	129	(3)	-	-	126	-	2,287
(7)	22	(7)	-	-	21	-	482
(66)	204	(10)	-	-	200	-	4,001
(145)	793	(987)	-	-	-	-	15,787
(167)	3,389	(3,389)	-	-	-	-	40,125
(9)	342	(342)	-	-	-	-	5,634
(12)	41	(41)	-	-	-	-	934
-	68	-	-	-	195	-	1,267
-	-	-	-	-	-	-	3,426
(333)	4,633	(4,759)	-	-	195	-	67,173
(48)	205	(205)	-	-	-	100	4,196
(48)	205	(205)	-	-	-	100	4,196
(22,173)	56,064	(56,843)	-	-	443	7,192	1,220,478

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2002

### 31(b) BENEFIT FUNDS - STATEMENT OF FINANCIAL POSITION - 2001

	Cash & Cash Equivalents	Receivables	Securities	Loans & Advances	Other Investments	Other Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Supersaver - Capital Guaranteed Fund	4,739	24,339	491,799	20,993	483	237
Supersaver - Fixed Interest Fund	2,527	378	45,592	1,499	(4)	46
Supersaver - Australian Equities Fund	64	1,523	107,913	143	-	-
Supersaver - Capital Stable Fund	319	813	44,922	390	7	-
Supersaver - Balanced Fund	2,064	3,301	159,334	353	6	-
Supersaver - Mortgage Fund	440	8	1,157	1,127	-	-
Supersaver - Death Assurance Fund	14	11	-	-	-	-
BT Investment Bond	110,962	53,308	-	-	-	-
Estate Essentials Bond	1,543	3,635	72,153	-	45	-
Capital Builder Bond	1,322	655	14,321	-	11	-
<b>FLEXIBLE INSURANCE BENEFIT FUNDS</b>	<b>123,994</b>	<b>87,971</b>	<b>937,191</b>	<b>24,505</b>	<b>548</b>	<b>283</b>
Consolidated Assurance Fund	1,246	7	-	-	-	-
Combined Assurance Fund	2,315	42	-	-	-	-
OST Assurance Benefit Fund	560	19	-	-	-	-
<b>LIFE ASSURANCE BENEFIT FUNDS</b>	<b>4,121</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Annuity - Capital Guaranteed Fund	476	643	14,798	-	12	3
Deferred Annuity - Managed Fund	359	645	39,935	-	(1)	-
Deferred Annuity - Capital Stable Fund	402	42	5,285	-	(8)	-
Deferred Annuity - Cash Management Fund	-	10	941	-	-	1
Guaranteed Personal Income Plan Fund	469	13	787	-	1	-
IOOF Term Annuity Fund	-	3	3,433	-	-	-
<b>DEFERRED &amp; IMMEDIATE ANNUITY FUNDS</b>	<b>1,706</b>	<b>1,356</b>	<b>65,179</b>	<b>-</b>	<b>4</b>	<b>4</b>
Capital Guaranteed Superannuation Bond	477	91	3,703	-	6	-
<b>SUPERANNUATION FUNDS</b>	<b>477</b>	<b>91</b>	<b>3,703</b>	<b>-</b>	<b>6</b>	<b>-</b>
<b>TOTAL MEMBERS' FUNDS</b>	<b>130,298</b>	<b>89,486</b>	<b>1,006,073</b>	<b>24,505</b>	<b>558</b>	<b>287</b>

Total Assets	Liabilities	Net Assets	Members' Balances	Unallocated Surplus	Management Fund Seed Capital	Total Members' Funds (Policy Liabilities plus Unallocated Surplus)
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
542,590	(10,089)	532,501	525,847	37	6,617	532,501
50,038	(2,960)	47,078	47,078	-	-	47,078
109,643	(6,273)	103,370	103,370	-	-	103,370
46,451	(1,346)	45,105	45,105	-	-	45,105
165,058	(5,419)	159,639	159,639	-	-	159,639
2,732	(50)	2,682	2,682	-	-	2,682
25	(25)	-	-	-	-	-
164,270	(3,079)	161,191	161,185	6	-	161,191
77,376	(93)	77,283	77,279	4	-	77,283
16,309	(50)	16,259	15,783	1	475	16,259
1,174,492	(29,384)	1,145,108	1,137,968	48	7,092	1,145,108
1,253	(21)	1,232	1,179	53	-	1,232
2,357	(70)	2,287	2,161	126	-	2,287
579	(97)	482	461	21	-	482
4,189	(188)	4,001	3,801	200	-	4,001
15,932	(145)	15,787	15,787	-	-	15,787
40,938	(813)	40,125	40,125	-	-	40,125
5,721	(87)	5,634	5,634	-	-	5,634
952	(18)	934	934	-	-	934
1,270	(3)	1,267	1,072	195	-	1,267
3,436	(10)	3,426	3,426	-	-	3,426
68,249	(1,076)	67,173	66,978	195	-	67,173
4,277	(81)	4,196	4,096	-	100	4,196
4,277	(81)	4,196	4,096	-	100	4,196
1,251,207	(30,729)	1,220,478	1,212,843	443	7,192	1,220,478

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

### DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 42 to 83:

- a. are consistent with the Corporations Regulations 2001 and comply with Accounting Standards, other mandatory professional reporting requirements; and
- b. give a true and fair view of IOOF Ltd's ("the Company") and Economic Entity's financial position as at 30 June 2002 and of the performance as represented by the results of the operations and the cash flows, for the financial year ended on that date

In the Directors' opinion:

- a. the financial position and notes are consistent with the requirements of the Corporations Act 2001;
- b. there are reasonable grounds to believe that, at the time the statement is made the Company will be able to pay all debts or claims that are referable to it;
- c. the financial statements of the Company are properly drawn up in accordance with the requirements of the Life Insurance Act 1995 ("the Act") and the Prudential Rules;
- d. the allocation and distribution of the surplus of the benefit funds of the Company have been made in accordance with Division 5 of Part 4 of the Act and the benefit fund rules of each benefit fund; and
- e. any assets of the benefit funds of the Company have not been applied or invested in contravention of the Act.

This declaration is made in accordance with a resolution of the Directors.



L A Bytheway  
Chairman of the Board



R J Turner  
Managing Director

Melbourne, 25 September 2002

# IOOF LTD - Pre Demutualisation Supplementary Financial Report

## ACTUARY'S REPORT 30 JUNE 2002

25 September 2002

The Directors IOOF Ltd

303 Collins Street

Melbourne Vic 3000

I have investigated the financial condition of IOOF Ltd as at 30th June 2002 in accordance with Section 113 of the Life Insurance Act 1995 (the Act) and Prudential Standards 1 and 2 determined by the Australian Prudential Regulation Authority (APRA).

As a result of that investigation it is my opinion that:

(a) For each approved benefit fund of the Company, the value of the policy liabilities and the solvency of each approved benefit fund have been determined using methods and assumptions consistent with the actuarial standards.

For the investment account products, the policy liability is the accumulation of amounts invested by policy holders less, fees specified in the policy plus investment earnings allocated as bonus. Where exit fees are payable, no reduction in the accumulation is made, because exit fees are a liability to the management fund. Solvency and capital adequacy reserves are provided by the management fund. No member surplus has been retained to provide such reserves.

For investment linked products, liabilities have been valued at net assets attributable to members, because this is equal to unit price times number of units on issue. Where exit fees are payable no reduction in the liability is made, because exit fees are a liability to the management fund.

For whole of life and endowment assurance funds, future bonus has been provided for at a rate equal to the net rate of investment earnings after expenses and tax. This gives a liability equal to the face amount of sum assured and bonus.

For bonus-paying annuities payable for a fixed term, the liability has been valued at the best estimate interest rate less a provision for expenses and future bonus to give a net rate equal to that guaranteed to investors. This gives consistency with representations to members.

Term annuities without bonus, as well as term death and disability benefits, are fully reinsured and so have been valued at nil net liability.

(b) the allocation and distribution of the surplus of the approved benefit funds of the Company have been made in accordance with Division 5 of Part 4 of the Life Insurance Act 1995 and the approved benefit fund rules of each approved benefit fund; and

(c) the proper records provided to me contain sufficient detail to allow actuarial valuation in accordance with Life Insurance Actuarial Standards Board statutory valuation standards. In accordance with the Institute of Actuaries of Australia professional standard PS200, I have performed spot and aggregate checks on the records of members' benefit entitlements and obligations provided to me but have otherwise necessarily relied on the accuracy and integrity of the IOOF systems producing the data.



A L Truslove BSc PhD MBA FIA FIAA

Appointed Actuary

# IOOF Financials

## IOOF LTD - Pre Demutualisation Supplementary Financial Report

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF IOOF LTD AND IOOF HOLDINGS LTD

### AUDIT OPINION

In our opinion, the pre-demutualisation supplementary financial report (the financial report) of the IOOF Ltd Group (defined below), set out on pages 42 to 84:

- presents a true and fair view, consistent with the requirements of the Corporations Act 2001 in Australia, of the financial position of IOOF Ltd Group prior to demutualisation on 30 June 2002 and of its performance prior to demutualisation for the year ended on that date;
- is presented in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, the Life Insurance Act 1995 (the Life Act) and the Prudential Rules.

This opinion must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

### SCOPE AND SUMMARY OF OUR ROLE

#### The financial report – responsibility and content

The preparation of the financial report for the year ended 30 June 2002 is the responsibility of the directors of IOOF Ltd. It includes the financial statements of IOOF Ltd Group (the Group) prior to demutualisation on 30 June 2002, which incorporates IOOF Ltd and the entities it controlled prior to demutualisation during the year ended 30 June 2002.

The financial report has been prepared for distribution to the members of IOOF Ltd and IOOF Holdings Ltd for the purpose of assisting in the understanding of the operations of the IOOF Ltd Group prior to demutualisation on 30 June 2002. The directors believe that preparation of a consolidated financial report is appropriate in the circumstances of the demutualisation and restructure of the IOOF Ltd Group on 30 June 2002.

#### The auditor's role and work

We conducted an independent audit of the financial report in order to express an opinion on it to the members of IOOF Ltd and IOOF Holdings Ltd. Our role was to conduct the audit in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

In conducting the audit, we carried out a number of procedures to assess whether in all material respects the financial report presents fairly a view consistent with the requirements of the Corporations Act 2001 and in accordance with Accounting Standards - except to the extent the application of AASB 1038 requires consolidation of the Benefit Funds which is not required by Prudential Rule 47, and other mandatory professional reporting requirements in Australia, the Life Act and the Prudential Rules, which is consistent with our understanding of the IOOF Ltd Group's financial position, and its performance as represented by the results of its operations and cash flows.

The procedures included:

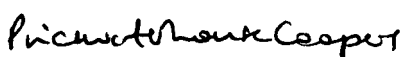
- selecting and examining evidence, on a test basis, to support amounts and disclosures in the financial report. This included testing, as required by auditing standards, certain internal controls, transactions and individual items. We did not examine every item of available evidence
- evaluating the accounting policies applied and significant accounting estimates made by the directors in their preparation of the financial report
- obtaining written confirmation regarding material representations made to us in connection with the audit
- reviewing the overall presentation of information in the financial report.

Our audit opinion was formed on the basis of these procedures.

### INDEPENDENCE

As auditor, we are required to be independent of the IOOF Ltd Group and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our audit work, we were engaged to undertake other services for the IOOF Ltd Group. These services are disclosed in Note 19 to the financial statements. In our opinion the provision of these services has not impaired our independence.



PricewaterhouseCoopers  
Chartered Accountants



Simon Gray - Partner  
Melbourne, 25 September 2002



#### REGISTERED OFFICE

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