UNPAT adjustments

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

Impairment: Non-cash entry which reflects a point in time valuation of assets which is unable to be reversed to profit in future periods should the original value prove to be restored. The entry is not related to the conventional recurring operations of the Group.

Acquisition costs – DKN: One off payments to external advisers by both DKN and IOOF in pursuit of a successful acquisition which are not reflective of conventional recurring operations.

Termination and retention incentive payments: Facilitation of restructuring to ensure long term efficiency gains, predominantly DKN related in the current period and AWM related in the prior comparative period, which are not reflective of conventional recurring operations.

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

Profit on life policy transfer: The life policies held in the IOOF Life statutory fund were disposed of on 2 September 2010 and resulted in a non-recurring profit on sale.

Fair value gain on investment in DKN: An initial 18.5% holding in DKN prior to its acquisition means this is a business combination achieved in stages under AASB 3. The Group is therefore required to measure this previously held equity interest in DKN at acquisition-date fair value and recognise the resulting gain in P&L. The initial entry ensures the assets acquired are held on balance sheet at fair value, however the impact on profit is reversed as it is regarded as highly unlikely to be realised due to the Group's intention to hold its investment in DKN long term.

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

The Group's Funds Under Management, Advice, Administration and Supervision (FUMAS) were $107.3 billion as at 30 June 2012, an increase of $1.1 billion from 30 June 2011. This movement is primarily a result of acquiring DKN funds under advice offset by decreases in the market value of the assets underpinning FUMAS and net institutional outflows in Funds Under Management. The resultant impact has been a decline in FUMAS related net revenue and expense of approximately $14.2 million in the pre-acquisition businesses partly offset by a FUMAS related net revenue and expense contribution from DKN of $16.9m (all amounts pre-tax).

The uncertain economic environment responsible for the market value declines noted has also had an unfavourable impact on other revenue lines, most notably stockbroking where the sector's traded volumes generally remain low in comparison to the years preceding the global financial crisis. The Group has constrained its costs to below inflation with the exceptions of increasing expenditure on its technology and brand to promote the long term interests of its businesses.

The Group incurred debt of $55 million to facilitate the $96 million acquisition of DKN. The residual amount was funded through DKN's cash reserves of approximately $10 million and the Group's pre-acquisition cash reserves. Details pertinent to the borrowings incurred and the subsidiary acquired are contained in notes to the financial statements.

Basic earnings per share decreased from 43.1 cents per share in the year to 30 June 2011 to 8.4 cents per share for the year to 30 June 2012.