Condensed consolidated interim financial report

31 December 2024

Insignia Financial Ltd

ABN 49 100 103 722

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About Insignia Financial Ltd

Insignia Financial Ltd is listed on the Australian Securities Exchange (ASX: IFL) and the consolidated group includes the parent entity and its controlled entities (Insignia Financial or the Group).

With origins dating back to 1846, today Insignia Financial is a leading Australian wealth manager, providing financial advice, superannuation, wrap platforms and asset management services to members, clients, financial advisers and corporate employers.

Principal activities

The principal activities of the Group are:

- **Advice:** Insignia Financial's employed advice businesses, Bridges and Shadforth, provide comprehensive financial advice.
- **Master Trust:** As one of the largest superannuation and pension providers in Australia, Insignia Financial offers a number of award-winning solutions used by many of Australia's largest employers and independent advisers.
- **Wrap:** Insignia Financial has built a strong and contemporary technology platform and remains committed to investing in technology and services to support the changing needs of advisers and their clients.
- **Asset Management:** Insignia Financial offers access to a broad suite of investment capabilities across a range of multi-asset and single asset classes, designed to suit a wide range of investor needs and risk profiles.

FY25 strategic initiatives

Operating model and executive team

During the period, the Group's new operating model, which included new executive appointments, took effect. The operating model is centred around the four lines of business, Advice, Master Trust, Wrap and Asset Management, each led by an executive with end-to-end accountability and the capabilities to drive positive, sustainable growth and improve customer outcomes and experience.

The business lines are supported by specialist enablement and governance functions to ensure that each line of business is equipped with the necessary resources, expertise and strategic oversight to achieve their objectives and maintain robust operational standards.

NAB separation

In November 2024, Insignia Financial achieved a significant milestone in the separation of MLC Wealth (MLC) from National Australia Bank Limited (NAB), a major step in the Group's simplification program since it acquired MLC from NAB in 2021. The transition of the MLC MasterKey and Plum registries, along with associated applications, from NAB to Insignia Financial is one of the largest wealth management separations in Australia's financial services history. Over 700,000 MasterKey and Plum accounts, 55 systems and applications and more than 100 terabytes of data were migrated.

As a result, Insignia Financial is no longer reliant on NAB systems and technology to service its customers, employers and advisers, with employees operating entirely within the Insignia Financial environment.

Current activities focus on the decommissioning of NAB applications, archiving of data and exiting from the remaining Transitional Service Agreement with NAB. Full separation from NAB is to be completed in May 2025.

Wrap functionality and adviser experience

During the period, Insignia Financial continued to uplift its proprietary Wrap platform, Expand, which is one of the most contemporary platform technologies in Australia, and grow the number of advisers engaging with the platform. Those uplifts included improved adviser and client online capability in relation to direct debits and notice of intent to claim, managed accounts capability for full and partial transfers of separately managed accounts and enhanced reporting usability and content. Expand's managed account capability has now surpassed $10 billion.

Directors' Report

Operating and financial review

FY25 strategic initiatives (continued)

Master Trust target state

On 19 February 2025, the Group entered into a binding Master Services Agreement with SS&C Technologies (SS&C), a global technology and fund administration leader, to simplify and transform the Group's Master Trust business with improved customer experience and cost efficiencies.

The Group will transition to SS&C the administration and technology services for the Master Trust business from 1 July 2025. This will include the transition of approximately 1,400 people, as well as technology and certain premises from Insignia Financial to SS&C, to ensure a continuity of service, operations and product knowledge for our super fund members. Insignia Financial will continue to provide certain servicing and administration functions, including claims and complaints.

Advice simplification

In July 2024, the Group divested 63% of its holding in Rhombus Advisory Pty Ltd (Rhombus) and recognised its remaining 37% interest in Rhombus as an equity accounted associate. The retained advice business contains the employed channels of Shadforth and Bridges.

Risk and governance

Insignia Financial continues to strengthen its risk and governance policies and practices. The focus areas for FY25 include uplifts to risk and conflicts management frameworks, three lines of risk accountability and regulatory engagement frameworks, as well as enterprise-wide training in relation to good risk behaviours. Those focus areas also align with Insignia Financial's continued commitment to undertake the activities required by the Rectification Action Plan and the Court Enforceable Undertaking as discussed in the *Risk Management* section of the *Directors' Report*.

Optimisation

During the period, the cost optimisation program resulted in a net cost reduction of $36m in comparison with 1H24. The Group is on track to achieve a net operating cost reduction of $60 to $65 million for FY25 in comparison with FY24.

Strategy for FY26 to FY30

In November 2024, Insignia Financial outlined its vision and strategy to become Australia's leading and most efficient wealth management company by 2030 by using its breath and expertise to deliver innovative client outcomes.

Insignia Financial's FY26 to FY30 strategy is focused on how it builds upon the strong foundations of its four business lines, Advice, Master Trust, Wrap and Asset Management, to leverage economies of scale and position for strategic and targeted growth, driving outcomes for our customers and shareholders.

Directors' Report

Operating and financial review

Strategy for FY26 to FY30 (continued)

The key strategic focus areas for the four business lines are set out below.

Advice	Master Trust	Wrap	Asset Management
• Building out the well-established financial advice businesses – Shadforth and Bridges – to address the significant unmet need for quality financial advice to the Australian community • Increasing efficiency and profitability by uplifting adviser productivity to enable advisers to spend more time with more clients	• Simplifying Insignia Financial's proposition by leveraging size into meaningful scale benefits for members and reducing cost to serve • Growing the Workplace offering by being the provider of choice for Australian employers • Building a digital direct-to-consumer acquisition channel harnessing and growing MLC's consumer brand awareness • Developing and delivering innovative products to drive improved outcomes for customers up to and throughout retirement	• Building on MLC Expand's strengths and using technology (including AI and robotics) to innovate and differentiate in the market to drive superior customer outcomes • Strengthening and growing adviser relationships • Growing Insignia Financial's ClientFirst and AdviserFirst philosophy which centres on single point resolution servicing	• Continuing to strengthen advice partnerships • Consistently delivering strong investment performance • Growing Private Equity and Alternatives into new channels • Expanding Managed Account offering to accelerate market penetration • Simplifying structures and reduce cost of manufacture

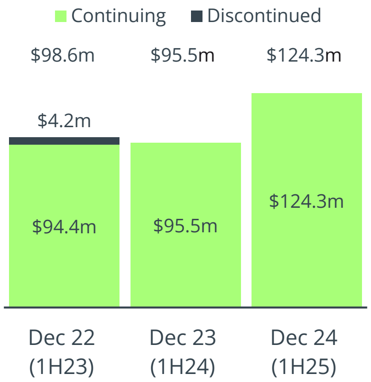
Directors' Report

Operating and financial review

Financial highlights

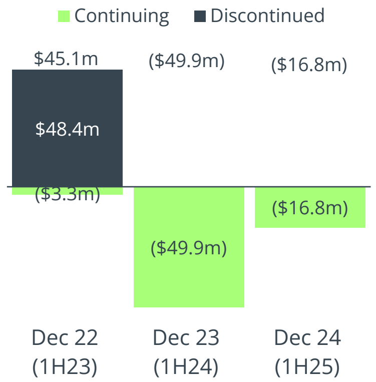
Underlying net profit after tax (UNPAT)

Growth driven by markets and optimisation



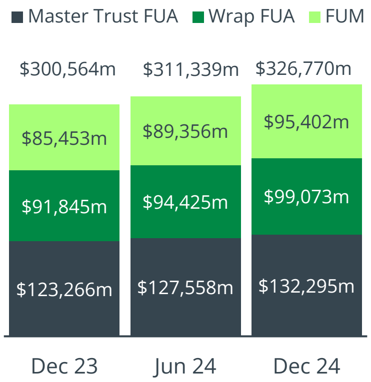
Net profit after tax (NPAT)

Lower expenses driven by cost optimisation and no increase in remediation provisions



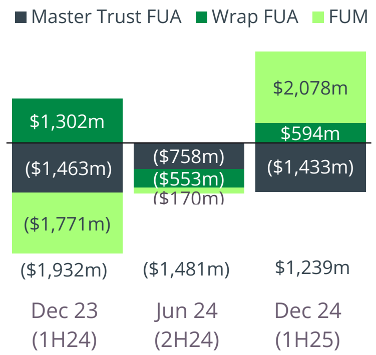
Closing funds under management and administration (FUMA)

Increase driven by markets and improved flows



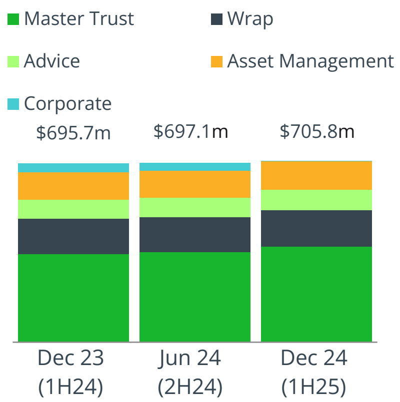
Net flows

Improved flows in Asset Management FUM and Wrap FUA, partially offset by outflows in Master Trust



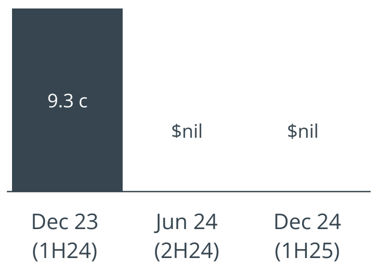
Net revenue by segment

Growth driven by higher average FUMA, partially offset by impact of Rhombus and divested revenue



Dividends

Dividends paused to allow for completion of existing strategic initiatives and to maintain flexibility to accelerate delivery of 2030 vision



Directors' Report

Operating and financial review

Financial performance

Net profit after tax

Net profit after tax (NPAT) for the half year ended 31 December 2024 was $16.8m loss (half year ended 31 December 2023: $49.9m loss). The improvement in NPAT is mainly driven by $10.1m increase in net revenue, $35.9m reduction in operating expenses and $26.2m reduction in remediation expenses, partially offset by $42.3m increase in net fair value loss on financial instruments.

Underlying net profit after tax

Underlying net profit after tax (UNPAT) is a non-International Financial Reporting Standards (IFRS) metric that is used by management to monitor the performance of the Group. In calculating UNPAT, the Group reverses the impact on profit of certain, predominantly non-recurring items, to enable a better understanding of its underlying operational result. It is the UNPAT result that will be analysed in detail in this section of the Directors' Report.

UNPAT for the half year ended 31 December 2024 was $124.3m (half year ended 31 December 2023: $95.5m), an increase of $28.8m mostly driven by higher average FUMA and lower operating expenses as a result of the cost optimisation program.

Reconciliation of UNPAT to NPAT

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Loss for the period	**(16.8)**	**(49.9)**
UNPAT adjustments		
Transformation and separation costs	114.7	111.7
Amortisation of acquired intangibles	34.1	40.0
Remediation (recovery)/expenses	(3.0)	64.5
Legal settlement expenses	41.3	-
Net loss/(gain) on financial instruments	33.0	(12.6)
Income tax attributable	(79.0)	(58.2)
UNPAT	**124.3**	**95.5**

Transformation and separation costs: Expenses associated with platform simplification, separation of the MLC business, MLC Wrap migration, initiatives supporting cost optimisation and the transition to the Advice Services partnership model. These expenses include external activities, project labour costs, redundancy and termination costs, information technology and other consultancy fees, and outsourced hosting services directly related to these activities.

Amortisation of intangible assets: Amortisation of acquired intangible assets over their useful lives.

Remediation expenses/(recovery): Expenses recognised in the Group's structured remediation provisions including client compensation and associated costs. It includes any related insurance and indemnities recovered.

Legal settlement expenses: Expenses recognised for legal settlements during the period relating to class actions.

Net loss/(gain) on financial instruments: Includes (gains)/losses from the revaluation of financial instruments. This includes a $34.8m fair value loss on the embedded derivative associated with the subordinated loan notes in the current period.

Income tax attributable: Income taxes on UNPAT adjusted items.

Funds under management and administration

As at	31 Dec 24	30 Jun 24 restated
	$m	$m
Master Trust FUA	132,295	127,558
Wrap FUA	99,073	94,425
Asset Management FUM	95,402	89,356
FUMA	326,770	311,339

The growth in FUMA was driven by $16.1b market movement and $1.2b net inflows, partially offset by $1.9b of pension payments.

Advice

There were 200 professional services advisers across Shadforth and Bridges. The separation of Rhombus Advisory was completed 1 July 2024.

Directors' Report

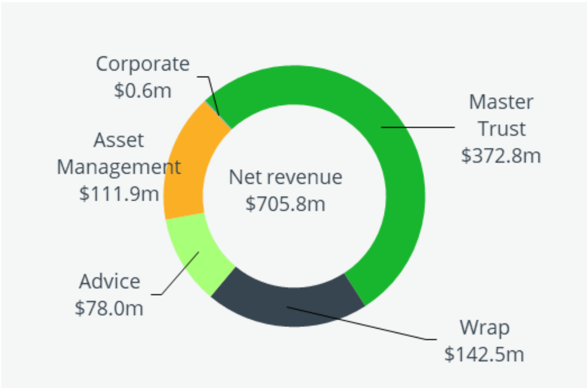
Operating and financial review

Financial performance (continued)

Key financial results

For the six months ended	31 Dec 24 1H25	30 Jun 24 2H24	31 Dec 23 1H24	Movement 1H25 vs 2H24	Movement 1H25 vs 1H24
	$m	$m	$m	%	%
Net revenue	705.8	697.1	695.7	1.2%	1.5%
Operating expenses	(482.2)	(493.4)	(518.1)	2.3%	6.9%
Net financing costs	(20.5)	(15.6)	(14.7)	(31.4%)	(39.5%)
Net non-cash items	(27.1)	(24.6)	(23.7)	(10.2%)	(14.3%)
Income tax expense	(51.7)	(42.4)	(43.7)	(21.9%)	(18.3%)
UNPAT for the period	**124.3**	**121.1**	**95.5**	**2.6%**	**30.2%**
Transformation and separation expenses	(114.7)	(146.0)	(111.7)	21.4%	(2.7%)
Amortisation of acquired intangibles	(34.1)	(36.1)	(40.0)	5.5%	14.8%
Remediation recovery/(expenses)	3.0	(167.9)	(64.5)	large	large
Legal settlement expenses	(41.3)	-	-	large	large
Penalties	-	(10.7)	-	100.0%	- %
Net (loss)/gain on financial instruments	(33.0)	1.4	12.6	large	large
Income tax attributable	79.0	102.8	58.2	23.2%	(35.7%)
Loss for the period	**(16.8)**	**(135.4)**	**(49.9)**	**87.6%**	**66.3%**

Net revenue



Net revenue in 1H25 was $8.7m higher than 2H24 and $10.1m higher than 1H24 driven by higher average FUMA, partially offset by the impacts of divested revenue and a decline in margin.

Operating expenses

1H25 operating expenses were $11.2m lower than 2H24 primarily due to lower employee expenses and marketing expenses, partially offset by higher information technology costs.

1H25 operating expenses were $35.9m lower than 1H24 primarily due to lower employee expenses and information technology costs.

Net financing costs

1H25 net financing costs were $4.9m higher in comparison with 2H24 due to higher debt and lower interest-bearing cash balances held during the period.

1H25 net financing costs were $5.8m higher than 1H24 due to the reduction in fixed income investments held for regulatory purposes as well as higher debt and lower interest-bearing cash balances held during the period.

Net non-cash items

The 1H25 net non-cash items are $2.5m higher than 2H24 and $3.4m higher than 1H24 driven by higher depreciation and share based payments expenses.

UNPAT adjustments

The 1H25 UNPAT adjustments are $115.4m lower than 2H24 driven by lower transformation and separation costs and remediation expenses, partially offset by higher net loss on financial instruments and legal settlement costs.

The 1H25 UNPAT adjustments are $4.3m lower than 1H24 driven by lower remediation expenses, substantially offset by higher net loss on financial instruments and legal settlement costs.

Directors' Report

Operating and financial review

Financial performance (continued)

Shareholder returns

	31 Dec 24	31 Dec 23	% change
Loss attributable to the shareholders of Insignia Financial Ltd ($m)	(16.8)	(49.9)	66.3%
Basic EPS (cents per share)	(2.5)	(7.5)	66.7%
Diluted EPS (cents per share)	(2.5)	(7.5)	66.7%
UNPAT ($m)	124.3	95.5	30.2%
UNPAT EPS (cents per share)	18.6	14.4	29.2%
Dividends declared ($m)[1]	-	62.0	(100.0%)
Dividends per share (cents per share)[1]	-	9.3	(100.0%)
Opening share price	$2.29	$2.82	(18.8%)
Closing share price	$3.55	$2.34	51.7%
NPAT return on equity (statutory measure, annualised)[2]	(1.64%)	(4.38%)	62.6%
UNPAT return on equity (non-statutory measure, annualised)[2]	12.10%	8.38%	44.5%

[1] Dividends declared and dividends per share are those paid or declared from the relevant financial period's profits.

[2] Return on equity is calculated by dividing profit or loss and UNPAT attributable to the shareholders of Insignia Financial Ltd by the average equity attributable to the shareholders on an annualised basis.

Financial position

	Dec 24	Jun 24	Change
	$m	$m	%
Assets			
Cash and cash equivalents	411.8	421.7	(2.3%)
Receivables	360.1	269.3	33.7%
Other financial assets	218.4	204.5	6.8%
Other assets	130.0	125.0	4.0%
Assets classified as held for sale	-	26.7	(100.0%)
Property and equipment	210.6	109.1	93.0%
Intangible assets	2,390.2	2,424.8	(1.4%)
Deferred tax assets	65.7	7.6	large
Total assets	**3,786.8**	**3,588.7**	**5.5%**
Liabilities			
Payables	282.6	171.9	64.4%
Other financial liabilities	46.5	12.2	large
Provisions	251.2	427.5	(41.2%)
Liabilities associated with assets classified as held for sale	-	15.2	(100.0%)
Lease liabilities	233.5	138.7	68.3%
Borrowings	942.1	778.8	21.0%
Total liabilities	**1,755.9**	**1,544.3**	**13.7%**
Net assets	**2,030.9**	**2,044.4**	**(0.7%)**
Number of ordinary shares (million)	670.7	670.7	-
Net assets per ordinary share ($ per share)	**3.03**	**3.05**	**(0.7%)**

Directors' Report

Operating and financial review

Financial performance (continued)

Cash decreased $9.9m driven by payments for operating expenses, remediation costs and transformation and separation costs, partially offset by receipts from customers and $158.0m drawdown on borrowings.

Receivables increased $90.8m driven by $64.3m legal settlement receivable and higher trade receivables.

Other financial assets increased $13.9m driven by $15.7m higher fixed income financial assets held as part of the operational risk financial requirement on behalf of superannuation funds, partially offset by $2m decrease in deferred sales consideration following the receipt of monies from the sale of IOOF Ltd.

Other assets increased by $5.0m primarily driven by $4.1m increase in the investment in associates.

Assets and liabilities classified as held for sale have decreased by $26.7m and $15.2m respectively due to the divestment of Rhombus.

Property and equipment increased by $101.5m which was driven by $126.0m additions and $0.5m reclassified from held for sale, partially offset by $24.6m depreciation expenses and $0.4m disposals.

Intangible assets decreased by $34.6m due to amortisation expenses.

Payables increased by $110.7m primarily due to legal settlements payable.

Other financial liabilities increased by $34.3m due to the revaluation of the subordinated loan note embedded derivative.

Provisions decreased by $176.3m driven by $103.7m remediation payments and program costs paid and $75.8m net decrease in employee entitlement provisions.

Lease liabilities increased by $94.8m driven by $115.1m additions and $3.4m interest expenses, partially offset by $23.7m in lease payments.

Borrowings increased by $163.3m due to $28.9m accrued interest and $158.0m drawdowns, partially offset by $23.3m interest repayment.

Net deferred tax assets increased by $58.1m mainly driven by $75.7m deferred tax assets recognised during the period for carry forward tax losses and offsets, partially offset by timing associated with the payment of provisions and accrued expenses.

Directors' Report

Operating and financial review

Advice

Our employed advice businesses, Bridges and Shadforth, provide comprehensive financial advice.

Financial performance

$m	1H25	2H24	1H24
UNPAT	11.8	7.6	8.0
Net revenue	78.0	75.3	74.7
Operating expenses	57.1	60.8	59.2
NPAT (loss after tax)	4.7	(44.2)	(0.4)

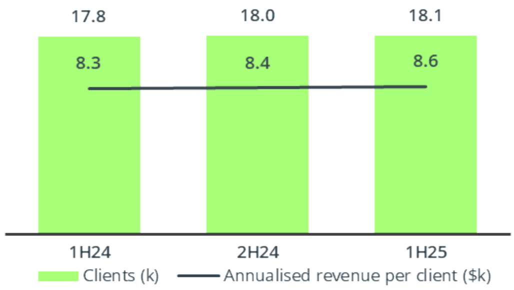
The increase in UNPAT in comparison with 1H24 is driven by higher net revenue and lower operating expenses.

The increase in net revenue in comparison with 1H24 is driven by strong new client growth and higher asset-based fee income, partially offset by lower insurance commissions.

The reduction in operating expenses in comparison with 1H24 is due to the realisation of optimisation benefits from strategic initiatives, offset by increases in salaries and adviser incentives.

The increase in NPAT in comparison with 1H24 is primarily driven by lower transformation and separation expenses as well as the improvement in UNPAT.

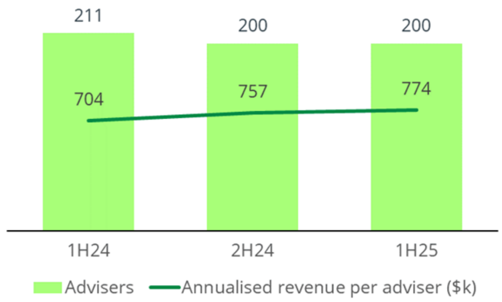
Revenue per client



The growth in annualised revenue per client in comparison with 1H24 is driven by:

- higher average fees from new clients; and
- higher asset-based fee income reflecting favourable market performance.

Revenue per adviser[1]



The growth in annualised revenue per adviser in comparison with 1H24 is driven by:

- focus on higher value clients; and
- higher asset-based fee income reflecting favourable market performance.

[1] Shadforth and Bridges advisers only.

Directors' Report

Operating and financial review

Master Trust

As one of the largest superannuation and pension providers in Australia, we offer a number of award-winning solutions used by many of Australia's largest employers and independent advisers.

Financial performance

$m	1H25	2H24	1H24
UNPAT	90.6	85.2	68.2
Net revenue	372.8	351.0	342.5
Operating expenses	239.2	228.5	244.3
NPAT	31.3	4.4	15.8
Closing FUA ($b)	132.3	127.6	123.3
Net flows ($m)	(1,433)	(758)	(1,463)

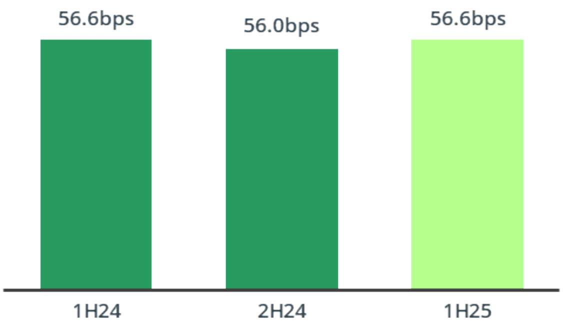
The increase in UNPAT in comparison with 1H24 is predominantly driven by market performance, resulting in growth of average FUA over the period.

Increase in net revenue in comparison with 1H24 is driven by positive market performance resulting in higher average FUA throughout the period.

Decrease in operating expenses in comparison with 1H24 is largely due to the realisation of optimisation benefits, partially offset by salary growth and additional investment.

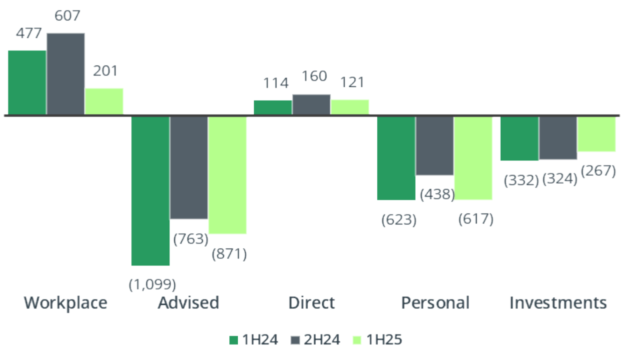
The increase in NPAT in comparison with 1H24 is primarily driven by the higher net revenue driven by market performance and lower remediation costs.

Net revenue margin



Net revenue margin remains flat to 1H24. While the margin was impacted by strategic re-pricing initiatives effective from 1 October 2024, the impact has mostly been offset by other margin benefits.

FUA net flows $m



Net flows have seen a small improvement in comparison with 1H24. The advised channel has seen improved net flows and recent pricing changes should see further improvement in member retention.

The workplace channel has seen a continuation of net inflows although the impact of lost corporate plans in FY24 has impacted the current period.

The personal and direct channels are flat relative to the prior periods.

Directors' Report

Operating and financial review

Wrap

We have built a strong and contemporary technology platform and remain committed to investing in technology and our services to support the changing needs of advisers and their clients.

Financial performance

$m	1H25	2H24	1H24
UNPAT	39.7	33.3	32.1
Net revenue	142.5	136.6	138.7
Operating expenses	80.6	84.9	89.4
NPAT (loss after tax)	24.5	3.0	(16.6)
Closing FUA ($b)	99.1	94.4	91.8
Net flows ($m)	594	(553)	1,302

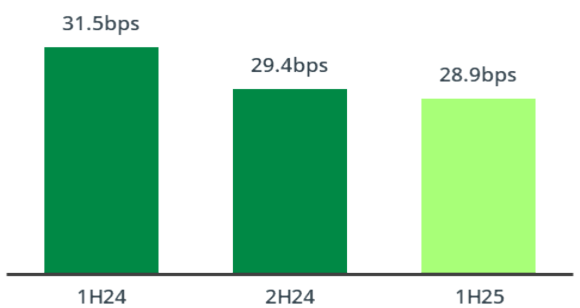
The increase in UNPAT in comparison with 1H24 is predominantly driven by market performance and positive net flows, resulting in the growth of average FUA over the period.

Increase in net revenue in comparison with 1H24 is a result of FUA growth driven by market performance and positive net flows throughout the period.

Decline in operating expenses in comparison with 1H24 is largely driven by cost optimisation initiatives, partly offset by salary growth.

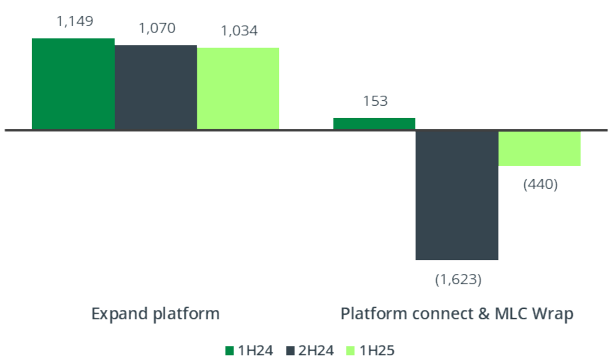
The increase in NPAT in comparison with 1H24 is primarily driven by reduction in transformation and remediation costs.

Net revenue margin



The decline in net revenue margin is the result of the MLC Wrap to Expand migration at the end of March 2024.

FUA net flows $m



On the Expand platform, the Expand Advised suite of products continue to maintain strong flows momentum post MLC Wrap migration.

Net flows declined against 1H24 mainly due to $1.8b transitioned into Insignia Financial's private label (Rhythm).

Directors' Report

Operating and financial review

Asset Management

We offer access to a broad suite of investment capabilities across a range of multi-asset and single asset classes, designed to suit a wide range of investor needs and risk profiles.

Financial performance

$m	1H25	2H24	1H24
UNPAT	42.2	33.9	30.2
Net revenue	111.9	104.6	105.4
Operating expenses	50.6	56.7	61.9
NPAT	31.3	18.1	19.6
Closing FUM ($b)	95.4	89.4	85.5
Net flows ($m)	2,078	(170)	(1,771)

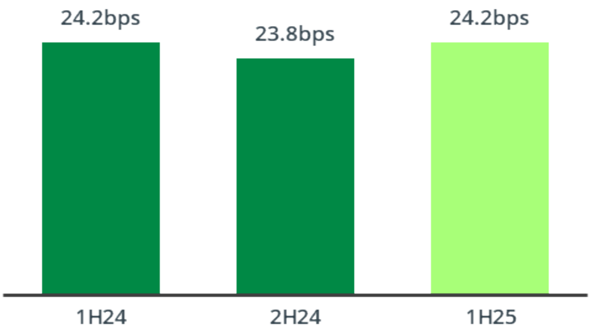
The increase in UNPAT in comparison with 1H24 is predominantly driven by market performance, higher performance fees and operating expense optimisation benefits.

Net revenue increased in comparison with 1H24 due to an increase in performance fees and market growth, partially offset by the divestment of the IOOF Ltd investment bond business in late 1H24.

Operating expenses decreased in comparison with 1H24 due to the realisation of optimisation benefits.

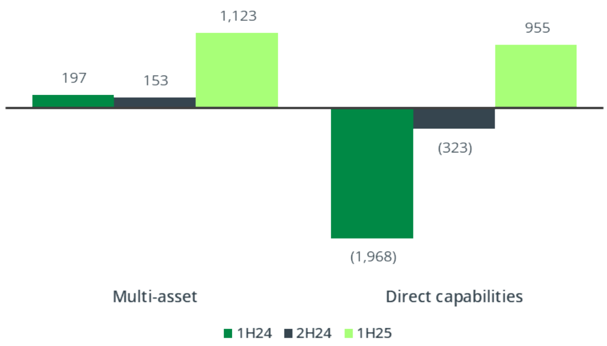
The increase in NPAT is driven primarily by increased net revenue and decreased operating expenses.

Net revenue margin



Net revenue margin remained flat on 1H24 as a result of increased performance fees from private equity and alternatives, offset by the impacts of private equity management fee repricing and the divestment of the high margin IOOF Ltd investment bond business.

FUM net flows $m



Net flows improved significantly in comparison with 1H24 in both multi-asset and direct capabilities.

In multi-asset, continued growth in MLC's contemporary Managed Accounts solution in 1H25 was aided by an improvement in net flows in the traditional multi-asset retail funds following the migration of MLC Wrap to Expand at the end of March 2024.

In direct capabilities, the improvement in net flows in comparison with 1H24 was driven by the winning of a large new institutional mandate in the domestic fixed income capability, partially offset by outflows in the global equities capability following the loss of a large European institutional client.

Directors' Report

Operating and financial review

Corporate

The Corporate segment comprises group functions required to support the Group and operating segments. Activities performed by the segment are of a strategic, shareholder or governance nature and reflect centralised corporate expenses. The segment also includes the financial results from the Group's divestment program.

Financial performance

$m	1H25	2H24	1H24
UNPAT	(60.0)	(38.9)	(43.0)
Net revenue	0.6	29.6	34.4
Operating expenses	54.7	62.5	63.3
NPAT (loss after tax)	(108.6)	(116.7)	(68.3)

Net revenue was lower than 1H24 driven by

- the separation of Rhombus on 1 July 2024;
- impacts of advice divestments in 1H24;
- loss on the divestment of Rhombus in 1H25; and
- lower legacy Advice revenue (insurance related).

Operating expenses are lower than 1H24 mostly driven by

- the realisation of optimisation benefits;
- separation of Rhombus on 1 July 2024; and
- impacts of Advice divestments in 1H24, partially offset by
- inflationary impacts on centralised costs; and
- higher project costs.

The unfavourable movement in NPAT (loss after tax) in comparison with 1H24 is mainly driven by

- higher transformation and separation expenses in 1H25; and
- an unrealised fair value loss on the embedded derivative associated with the subordinated loan notes, partially offset by
- a reduction in remediation expenses.

Directors' Report

Operating and financial review

Capital and liquidity management

Capital and liquidity positions are assessed on a monthly basis to ensure license requirements and lending covenants are met at all times. As part of this process any capital or liquidity surplus/needs are identified across the Group. Existing balance sheet capacity is expected to remain sufficient for the near future.

Capital management

The Group's capital management principles are to maximise returns to shareholders whilst enabling the execution of the Group's strategy and remaining compliant with the Group's risk appetite statement and regulatory requirements.

As part of its capital management strategy, the Group continually assesses whether it is optimising its use of capital and may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or adjust debt levels. The Group monitors capital through the Group's risk appetite framework, managing it as investment, working or regulatory capital.

Liquidity management

The Group actively manages liquidity risk by maintaining an appropriate framework of liquidity sources to satisfy current and forecast liquidity needs and continual monitoring of consolidated forecast and actual cash flows.

Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. In addition, a 3-year forecast of cash flows is prepared on a monthly basis to ensure there is sufficient liquidity within the Group.

Dividends

No interim dividend has been declared for the interim period ended 31 December 2024. There is no change to the Company's long-term dividend target of paying 60–90% of UNPAT.

Environmental, social and governance

In October 2024, the Group published its sustainability report in alignment with the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework. In this report, the Group's full suite of diversified multi-manager investment trusts were included for the assessment. Insignia Financial has developed a framework to assess the financial impact of climate change on expected returns for its range of diversified investment portfolios.

The Group has completed calculations of its scope 1, 2 & 3 operational emissions for financial year 2023. Our focus now is to implement our new in-house carbon accounting system to calculate business operational emissions for financial years 2024 and 2025. These calculations will inform the Group's operational emissions reduction plan.

The Australian Sustainability Reporting Standards (ASRS) were issued in September 2024 and will become mandatory to the Group for the financial year ending 30 June 2026 and future reporting periods. The Group has created an implementation plan and commenced work towards meeting the new standards.

Directors' Report

Operating and financial review

Risk management

The Board is responsible for establishing and overseeing the Group's Risk Management Framework (RMF) and has delegated authority for the oversight and monitoring of the RMF to the Group Risk and Compliance Committee and the Chief Executive Officer (or their delegate).

The RMF constitutes a clearly defined framework of proactive risk identification, assessment and targeted management of risk across all Insignia Financial's business operations. The key pillars of the RMF include:

- The Group Risk Management Strategy (RMS) which articulates the Group's approach to the implementation of its strategic objectives and the key elements of the RMF that give effect to the strategy. It also includes a description of each material risk, including key roles and responsibilities for managing the risk, and outlines the risk governance structure;
- The Group Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Group is prepared to accept in pursuit of strategic and business objectives, giving consideration to the interests of customers, shareholders and other stakeholders;
- The Group Risk Management Policy (RMP) which sets out the methodology to identify, assess, manage, analyse, monitor and report on those risks that could impact the achievement of strategic objectives, impact core processes and/or result in non-compliance with obligations;
- A Three Lines of Accountability (3LoA) model to govern risk management and compliance activities across the Group. The 3LoA model represents the three lines of risk management that facilitate the effective operation of the RMF. The overarching principle is that the management of risk is primarily a business accountability; and
- The Risk Culture principles, which are essential for effective risk management outcomes that support the Group's financial and operational resilience.

In November 2022, APRA imposed additional licence conditions on the Registrable Superannuation Entity Licensees (RSELs). These conditions included:

- Enhancement of the RSELs' governance in relation to member outcomes, oversight of service providers, risk, compliance and managing conflicts of interest;
- Appointment of an independent expert to examine the operational effectiveness of the RSELs' governance, accountability and risk management frameworks and practices; and
- Rectification of areas of concern with input from the independent expert.

Additionally, APRA required:

- I.O.O.F Investment Management Limited to comply with its legal obligation in relation to the transfer of member benefits; and
- OnePath Custodians Pty Limited (OPC) to appoint an independent expert to provide root cause analysis and assurance in relation to the breach of APRA's direction.

A Rectification Action Plan (RAP) was developed and the Group has made significant progress in addressing rectification activities. The RAP has considered changes broader than the Independent Expert findings.

In July 2024, APRA agreed to accept a court enforceable undertaking (CEU) from OPC pledging to rectify compliance deficiencies and compensate members. The CEU is publicly available and relates to the conduct for which APRA issued the infringement notices as well as the ongoing remediation of a breach relating to accrued default amounts.

OPC has acknowledged APRA's concerns in the CEU and has committed to:

- identify, rectify, and remediate all members adversely affected by the breaches with input from an independent expert;
- allocate additional resources to replenish the Operational Risk Financial Requirement to 100% of the target balance of 0.25% of funds under management; and
- hold $40m[2] of its existing Operational Risk Financial Requirement assets as an overlay until OPC has satisfied the terms of the CEU.

[2] Included as cash – restricted as part of ORFR in Note 8 *Cash and cash equivalents* of the financial statements.

Directors' Report

The Directors present their report together with the interim financial report of the Insignia Financial Group for the six months ended 31 December 2024 and the independent auditor's review report thereon. The operating and financial review is part of the Directors' report.

Directors

The names and details of the Directors of Insignia Financial Ltd holding office during the six months to 31 December 2024 and as at the date of this report are listed below. Directors were in office for this entire period unless otherwise stated.

Name	Role
Mr Allan Griffiths	Independent Non-Executive Director and Chairman
Mr Scott Hartley	Chief Executive Officer and Executive Director
Mr Andrew Bloore	Independent Non-Executive Director
Ms Elizabeth Flynn	Independent Non-Executive Director, ceased 21 November 2024
Ms Jodie Hampshire	Independent Non-Executive Director
Ms Gai McGrath	Independent Non-Executive Director
Mr John Selak	Independent Non-Executive Director
Ms Michelle Somerville	Independent Non-Executive Director

The Group Nominations Committee reviews the balance of skills, experience, independence, knowledge and diversity of Directors. This includes the creation of a board skills matrix setting out the mix of skills that the Board believes it should possess in order to meet the existing and emerging needs of the business.

The skills matrix is reviewed annually. The Board is satisfied that the current skills matrix demonstrates that all relevant skills are well represented by the existing directors. The current Board skills matrix is available as part of our Corporate Governance Statement which is available on the Company's website.

Events occurring after balance date

Non-binding share offers

On 17 January 2025, the Company announced that it has received a non-binding and indicative proposal from CC Capital Partners, LLC (CC Capital) to acquire all of the shares in the Company by way of a scheme of arrangement at a price of $4.60 per share. On 23 January 2025 and 5 February 2025, the Company announced that it has also received matching offers from Bain Capital (Bain) and Brookfield Capital Partners (UK) Limited (Brookfield) respectively.

The Company has decided to provide CC Capital, Bain and Brookfield with a limited period of access to certain non-public information on a non-exclusive basis. At the time of this report, the Company has not entered into any other arrangement with either CC Capital, Bain or Brookfield or any other interested party.

Master Trust target state

On 19 February 2025, the Group entered into a binding Master Services Agreement with SS&C Technologies (SS&C) to partner on the Group's transformation and simplification of its Master Trust business.

The agreement will see approximately 1,400 members of the administration and technology teams that support Insignia Financial's Master Trust business, as well as technology and certain premises will transition to SS&C, to ensure a continuity of service, operations and product knowledge for super fund members. Transitioning team members will join SS&C from 1 July 2025. The Group will provide some transitional services to SS&C under a Transitional Services Agreement.

Other matters

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods; or
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

Directors' Report

Lead auditor's independence declaration

The lead auditor's independence declaration is included on page 20 of the interim financial report and forms part of the Directors' Report for the six months ended 31 December 2024.

Rounding off of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, and in accordance with that instrument amounts in the financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

Authorisation

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s306(3) of the *Corporations Act 2001*.

Mr Allan Griffiths
Chairman
Melbourne
20 February 2025

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

To the Directors of Insignia Financial Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Insignia Financial Ltd for the half-year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Dean Waters
Partner

Melbourne
20 February 2025

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2024

For the six months ended		31 Dec 24	31 Dec 23
	Note	$m	$m
Revenue	3	778.9	979.2
Expenses	4	(792.6)	(1,020.6)
Impairment expense		(0.2)	-
Share of profits of associates accounted using the equity method		3.5	5.0
Finance costs		(33.6)	(28.0)
Loss before tax		**(44.0)**	**(64.4)**
Income tax benefit	5	27.2	14.5
Loss for the period		**(16.8)**	**(49.9)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of financial assets through other comprehensive income		-	(0.4)
Remeasurements of defined benefit plan asset		1.2	1.4
Income tax expense on other comprehensive income		(0.4)	(0.3)
		0.8	**0.7**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		1.0	(0.3)
Income tax (expense)/benefit on other comprehensive income		(0.3)	0.1
		0.7	**(0.2)**
Other comprehensive income for the period, net of tax		**1.5**	**0.5**
Total comprehensive income for the period		**(15.3)**	**(49.4)**
Loss attributable to:			
Owners of the Company		(16.8)	(49.9)
Loss for the period		**(16.8)**	**(49.9)**
Total comprehensive income attributable to:			
Owners of the Company		(15.3)	(49.4)
Total comprehensive income for the period		**(15.3)**	**(49.4)**
Earnings per share			
Basic earnings per share (cents per share)	7	(2.5)	(7.5)
Diluted earnings per share (cents per share)	7	(2.5)	(7.5)

Notes to the condensed consolidated financial statements are included on pages 26 to 42.

Condensed consolidated statement of financial position

As at 31 December 2024

	Note	31 Dec 24 $m	30 Jun 24 $m
Assets			
Cash and cash equivalents	8	411.8	421.7
Receivables	9	360.1	269.3
Other financial assets	10	218.4	204.5
Current tax assets		1.5	0.7
Prepayments		39.2	40.5
Assets classified as held for sale		-	26.7
Property and equipment	11	210.6	109.1
Defined benefit plan asset		25.7	24.3
Associates		63.6	59.5
Intangible assets	12	2,390.2	2,424.8
Deferred tax assets	5	65.7	7.6
Total assets		**3,786.8**	**3,588.7**
Liabilities			
Payables	13	282.6	171.9
Other financial liabilities	14	46.5	12.2
Provisions	15	251.2	427.5
Liabilities associated with assets classified as held for sale		-	15.2
Lease liabilities		233.5	138.7
Borrowings	16	942.1	778.8
Total liabilities		**1,755.9**	**1,544.3**
Net assets		**2,030.9**	**2,044.4**
Equity			
Share capital	17	3,053.7	3,054.0
Reserves		8.1	6.3
Accumulated losses		(1,030.9)	(1,015.4)
Total equity attributable to equity holders of the Company		**2,030.9**	**2,044.9**
Non-controlling interest		-	(0.5)
Total equity		**2,030.9**	**2,044.4**

Notes to the condensed consolidated financial statements are included on pages 26 to 42.

Condensed consolidated statement of changes in equity

	Ordinary shares	Treasury shares	Share-based payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity attributable to shareholders	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m
For the six months ended 31 December 2024								
Balance at 1 July 2024	3,062.3	(8.3)	5.5	0.8	(1,015.4)	2,044.9	(0.5)	2,044.4
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(16.8)	(16.8)	-	(16.8)
Other comprehensive income	-	-	-	0.7	0.8	1.5	-	1.5
Total comprehensive income	**-**	**-**	**-**	**0.7**	**(16.0)**	**(15.3)**	**-**	**(15.3)**
Transactions with owners directly in equity								
Purchase of treasury shares	-	(2.3)	-	-	-	(2.3)	-	(2.3)
Share-based payments expense	-	-	4.0	-	-	4.0	-	4.0
Share-based payments reserve transfer	2.0	-	(2.0)	-	-	-	-	-
Treasury shares transferred to recipients	(2.7)	2.7	-	-	-	-	-	-
Lapsed performance rights transfer	-	-	(0.9)	-	0.9	-	-	-
Disposal of non-controlling interests	-	-	-	-	(0.4)	(0.4)	0.5	0.1
Total transactions with owners	**(0.7)**	**0.4**	**1.1**	**-**	**0.5**	**1.3**	**0.5**	**1.8**
Balance at 31 December 2024	**3,061.6**	**(7.9)**	**6.6**	**1.5**	**(1,030.9)**	**2,030.9**	**-**	**2,030.9**

Notes to the condensed consolidated financial statements are included on pages 26 to 42.

Condensed consolidated statement of changes in equity

	Ordinary shares	Treasury shares	Share-based payments reserve	Foreign currency translation reserve	Equity investment revaluation reserve	Business combination reserve	Accumulated losses	Total equity attributable to shareholders	Non-controlling interest	Total equity
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
For the six months ended 31 December 2023										
Balance at 1 July 2023	3,043.3	(7.2)	2.5	0.9	1.5	(0.3)	(710.4)	2,330.3	(0.5)	2,329.8
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(49.9)	(49.9)	-	(49.9)
Other comprehensive income	-	-	-	(0.2)	(0.3)	-	1.0	0.5	-	0.5
Total comprehensive income	**-**	**-**	**-**	**(0.2)**	**(0.3)**	**-**	**(48.9)**	**(49.4)**	**-**	**(49.4)**
Transactions with owners directly in equity										
Issue of shares under dividend reinvestment plan	9.7	-	-	-	-	-	-	9.7	-	9.7
Purchase of treasury shares	-	(1.0)	-	-	-	-	-	(1.0)	-	(1.0)
Dividends paid	-	-	-	-	-	-	(61.5)	(61.5)	-	(61.5)
Share-based payments expense	-	-	2.2	-	-	-	-	2.2	-	2.2
Share-based payments reserve transfer	0.6	-	(0.6)	-	-	-	-	-	-	-
Treasury shares transferred to recipients	(1.2)	1.2	-	-	-	-	-	-	-	-
Lapsed performance rights transfer	-	-	(0.3)	-	-	-	0.3	-	-	-
Transfer from equity investment revaluation reserve	-	-	-	-	(1.2)	-	1.2	-	-	-
Total transactions with owners	**9.1**	**0.2**	**1.3**	**-**	**(1.2)**	**-**	**(60.0)**	**(50.6)**	**-**	**(50.6)**
Balance at 31 December 2023	**3,052.4**	**(7.0)**	**3.8**	**0.7**	**-**	**(0.3)**	**(819.3)**	**2,230.3**	**(0.5)**	**2,229.8**

Notes to the condensed consolidated financial statements are included on pages 26 to 42.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2024

For the six months ended	Note	31 Dec 24 $m	31 Dec 23 $m
Cash flows from operating activities			
Receipts from customers		784.4	947.5
Payments to suppliers and employees		(682.8)	(842.6)
Dividends from associates		4.1	4.4
Remediation costs		(103.7)	(90.0)
Transformation and separation costs		(112.5)	(111.7)
Amounts recovered from insurance claims		3.0	-
Legal settlements received/(paid)		28.0	(5.6)
Income tax paid		(31.8)	(1.0)
Net cash provided by operating activities from the statutory funds		-	0.4
Net cash used in operating activities		(111.3)	(98.6)
Cash flows from investing activities			
Dividends and distributions received		-	0.2
Interest received		13.1	16.5
Proceeds on divestment of subsidiaries		4.3	38.0
Net payments for financial instruments		(14.6)	(2.2)
Net payments for property and equipment		(28.1)	(0.8)
Lease incentive received		19.8	-
Net cash (used in)/provided by investing activities		(5.5)	51.7
Cash flows from financing activities			
Drawdown of borrowings (net of borrowing costs)		158.0	121.0
Repayment of borrowings (principal)		-	(36.0)
Interest and other costs of finance paid		(24.6)	(23.1)
Repayment of lease liabilities		(23.7)	(19.2)
Acquisition of treasury shares		(2.3)	(1.0)
Dividends paid to owners of the Company		-	(51.8)
Net cash provided by/(used in) financing activities		107.4	(10.1)
Net decrease in cash and cash equivalents		(9.4)	(57.0)
Cash and cash equivalents at the beginning of the period	8	421.7	505.6
Reclassified to assets held for sale during the period		-	(0.3)
Effects of exchange rate movements		(0.5)	-
Cash and cash equivalents at the end of the period	**8**	**411.8**	**448.3**

Notes to the condensed consolidated financial statements are included on pages 26 to 42.

Notes to the financial statements

For the six months ended 31 December 2024

Section 1 - Basis of preparation

This section sets out the Group's accounting policies that relate to the financial statements as a whole. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in financial year 2025 or later reporting periods.

1 Basis of preparation

Reporting entity

Insignia Financial Ltd (the 'Company') is a public company listed on the Australian Securities Exchange (trading under the symbol 'IFL'), domiciled in Australia. The interim financial report for the six months ended 31 December 2024 comprises the Company and its controlled entities (collectively, the Group or the Insignia Financial Group).

The Insignia Financial Group is a for-profit entity. The principal activities of the Group are:

- **Advice:** the Group's employed advice businesses, Bridges and Shadforth, provide comprehensive financial advice.
- **Master Trust:** As one of the largest superannuation and pension providers in Australia, the Group offers a number of award-winning solutions used by many of Australia's largest employers and independent advisers.
- **Wrap:** the Group has built a strong and contemporary technology platform and remains committed to investing in technology and services to support the changing needs of advisers and their clients.
- **Asset Management:** the Group offers access to a broad suite of investment capabilities across a range of multi-asset and single asset classes, designed to suit a wide range of investor needs and risk profiles.

The annual financial report of the Group for the year ended 30 June 2024 is available upon request from the Company's registered office or at www.insigniafinancial.com.au.

The Company's registered office and its principal place of business are Level 1, 800 Bourke Street, Docklands Victoria 3008.

Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial report for the half-year reporting period ended 31 December 2024 has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*. This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024. This interim financial report was approved by the Board of Directors on 20 February 2025.

(b) Use of estimates and judgements

Management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the condensed consolidated interim financial report are consistent with those that were applied and disclosed in the annual financial report for the year ended 30 June 2024.

(c) Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument amounts in the Directors' report and the interim financial report are rounded off to the nearest $100,000, unless otherwise stated.

(d) Comparatives

Where necessary, comparative information has been restated to conform to changes in presentation in the current period. This includes the restatement in Note 2 *Operating segments* of the Group's operating segments.

Notes to the financial statements

For the six months ended 31 December 2024

1 Basis of preparation (continued)

Other material accounting policies

The accounting policies applied in this condensed consolidated interim financial report are consistent with those applied in the Group's annual financial report for the year ended 30 June 2024.

New accounting standards and amendments to accounting standards issued but not yet effective

A number of new standards and amendments to accounting standards have been issued but are not yet effective, have not been early adopted by the Group. These standards and amendments to accounting standards, when applied in future periods, are not expected to have a material impact on the financial position or financial performance of the Group other than discussed below:

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 *Presentation and Disclosure in Financial Statements* will be applicable to the Group for the 30 June 2028 financial year. The standard will replace AASB 101 *Presentation of Financial Statements*. The standard establishes key presentation and disclosure requirements including newly defined subtotals in the statement of profit or loss, the disclosure of management-defined performance measures and enhanced requirements for grouping information.

Notes to the financial statements

For the six months ended 31 December 2024

Section 2 – Results for the period

This section focuses on the results and performance of the Group. The following pages explain the Group's results for the period, segment information, dividends, taxation and earnings per share.

2 Operating segments

During the period, the Group restructured its operating model and related performance reporting to the Chief Executive Officer. The Chief Executive Officer is the Group's chief operating decision maker for the purpose of segment reporting. The new operating model consists of five operating segments which are also the Group's reportable segments: Advice, Master Trust, Wrap, Asset Management and Corporate. Comparative information has been restated to conform with current period presentation.

Segment performance is measured on an underlying profit after income tax (UNPAT) basis as discussed in the Operating and Financial Review section of the Directors' Report. Management believes that UNPAT is the most relevant measurement in evaluating the performance of each segment.

Advice

The Advice segment includes the Group's employed advice businesses, Bridges and Shadforth. These businesses provide comprehensive financial advice.

Master Trust

As one of the largest superannuation and pension providers in Australia, the Master Trust segment offers a number of award-winning solutions used by many of Australia's largest employers and independent advisers.

Wrap

The Wrap segment offers a strong and contemporary technology platform and remains committed to investing in technology and services to support the changing needs of advisers and their clients.

Asset Management

The Asset Management segment offers access to a broad suite of investment capabilities across a range of multi-asset and single asset classes, designed to suit a wide range of investor needs and risk profiles.

Corporate

The Corporate segment comprises group functions required to support the Group and operating segments. Activities performed by the segment are of a strategic, shareholder or governance nature and reflect centralised corporate expenses. The segment also includes the financial results from the Group's divestment program.

Notes to the financial statements

For the six months ended 31 December 2024

2 Operating segments (continued)

For the six months ended 31 December 2024	Advice	Master Trust	Wrap	Asset Manage-ment	Corporate	Total
	$m	$m	$m	$m	$m	$m
Management and service fees revenue	79.4	393.1	153.0	144.5	5.4	775.4
Other revenue	-	21.8	1.9	0.1	(3.7)	20.1
Share of profits of associates	(0.1)	-	-	3.5	0.1	3.5
Service fees and other direct costs	(1.3)	(42.1)	(12.4)	(36.2)	(1.2)	(93.2)
Net revenue	**78.0**	**372.8**	**142.5**	**111.9**	**0.6**	**705.8**
Operating expenses	(57.1)	(239.2)	(80.6)	(50.6)	(54.7)	(482.2)
Share-based payments expense	(0.5)	(0.9)	(0.6)	(0.5)	(1.5)	(4.0)
Depreciation of property & equipment	(3.2)	(10.1)	(4.3)	(1.7)	(3.2)	(22.5)
Amortisation of intangible assets	-	(0.2)	(0.1)	-	(0.1)	(0.4)
Impairment expenses	(0.2)	(0.1)	0.1	-	-	(0.2)
Finance income	0.3	8.7	0.3	0.1	3.7	13.1
Finance costs	(0.4)	(1.6)	(0.6)	(0.4)	(30.6)	(33.6)
Income tax (expense)/benefit	(5.1)	(38.8)	(17.0)	(16.6)	25.8	(51.7)
UNPAT	**11.8**	**90.6**	**39.7**	**42.2**	**(60.0)**	**124.3**
Transformation and separation expenses	-	(50.6)	(18.8)	(10.8)	(34.5)	(114.7)
Amortisation of acquired intangibles	(9.3)	(11.4)	(8.5)	(4.8)	(0.1)	(34.1)
Remediation recovery/(expenses)	-	(2.4)	5.4	-	-	3.0
Legal settlement expenses	-	(41.3)	-	-	-	(41.3)
Net gain/(loss) on financial instruments	-	1.8	-	-	(34.8)	(33.0)
Income tax attributable	2.2	44.6	6.7	4.7	20.8	79.0
Profit/(loss) for the period	**4.7**	**31.3**	**24.5**	**31.3**	**(108.6)**	**(16.8)**

For the six months ended 31 December 2023 (Restated*)	Advice	Master Trust	Wrap	Asset Manage-ment	Corporate	Total
	$m	$m	$m	$m	$m	$m
Management and service fees revenue	75.7	389.7	147.5	131.6	197.6	942.1
Other revenue	-	5.4	1.1	-	4.8	11.3
Share of profits of associates	-	-	-	5.0	-	5.0
Service fees and other direct costs	(1.0)	(52.6)	(9.9)	(31.2)	(168.0)	(262.7)
Net revenue	**74.7**	**342.5**	**138.7**	**105.4**	**34.4**	**695.7**
Operating expenses	(59.2)	(244.3)	(89.4)	(61.9)	(63.3)	(518.1)
Share-based payments expense	(0.3)	(0.7)	(0.5)	(0.4)	(0.3)	(2.2)
Depreciation of property & equipment	(3.5)	(7.8)	(3.0)	(1.8)	(4.1)	(20.2)
Amortisation of intangible assets	-	(1.1)	(0.1)	-	(0.1)	(1.3)
Finance income	0.2	10.3	0.9	0.4	4.7	16.5
Finance costs	(0.4)	(1.2)	(0.5)	(0.4)	(28.7)	(31.2)
Income tax (expense)/benefit	(3.5)	(29.5)	(14.0)	(11.1)	14.4	(43.7)
UNPAT	**8.0**	**68.2**	**32.1**	**30.2**	**(43.0)**	**95.5**
Transformation and separation expenses	(1.8)	(44.6)	(31.2)	(12.4)	(21.7)	(111.7)
Amortisation of acquired intangibles	(10.8)	(10.5)	(13.8)	(4.2)	(0.7)	(40.0)
Remediation recovery/(expenses)	1.9	(20.6)	(23.0)	-	(22.8)	(64.5)
Net gain on financial instruments	-	3.5	-	-	9.1	12.6
Income tax attributable	2.3	19.8	19.3	6.0	10.8	58.2
Profit/(loss) for the period	**(0.4)**	**15.8**	**(16.6)**	**19.6**	**(68.3)**	**(49.9)**

*During the period, the Group updated its operating model and changed the composition of its operating segments which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the six months ended 31 December 2023.

Notes to the financial statements

For the six months ended 31 December 2024

3 Revenue

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Management and service fees revenue		
Management and administration fees	603.7	596.3
Financial planning revenue	84.8	256.4
Other management and service fees revenue	86.9	89.4
Management and service fees revenue	775.4	942.1
Finance income		
Interest income on financial assets measured at fair value	4.1	6.0
Interest income on financial assets measured at amortised cost	9.0	10.5
Finance income	13.1	16.5
Other revenue		
Net fair value (loss)/gain on financial instruments	(33.0)	9.3
Net foreign exchange loss	(0.3)	-
Net gain on disposal of assets	-	2.3
Dividends and distributions received	-	0.2
Sundry income	23.7	8.8
Other revenue	(9.6)	20.6
Total revenue	**778.9**	**979.2**

4 Expenses

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Service fee expense	64.4	237.7
Other direct costs	28.8	25.0
Service fees and other direct costs	**93.2**	**262.7**
Salaries and related employee expenses (excluding superannuation)	303.8	326.3
Employee defined contribution plan expense	29.9	30.2
Share-based payments expense	4.0	2.2
Salaries and related employee expenses	**337.7**	**358.7**
Information technology costs	78.0	88.7
Information technology costs	**78.0**	**88.7**
Transformation and separation costs	114.7	111.7
Transformation and separation costs	**114.7**	**111.7**
Depreciation of property and equipment	22.5	20.2
Amortisation of intangible assets	34.5	41.3
Amortisation and depreciation expenses	**57.0**	**61.5**
Professional fees	25.1	27.5
Office support and administration	27.9	30.0
Occupancy related expenses	8.2	6.5
Marketing	5.2	3.0
Travel and entertainment	3.1	3.3
Administrative expenses	**69.5**	**70.3**
Legal settlement expenses	41.3	-
Structured remediation (recovery)/costs	(3.0)	64.5
Remediation costs	**38.3**	**64.5**
Net loss on disposal of assets	3.3	-
Other	0.9	2.5
Other expenses	**4.2**	**2.5**
Total expenses	**792.6**	**1,020.6**

Notes to the financial statements

For the six months ended 31 December 2024

4 Expenses (continued)

Expenses by nature

The table below provides a breakdown of expenses by nature:

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Salaries and related employee expenses (excluding superannuation)	361.5	381.6
Employee defined contribution plan expense	29.9	30.2
Share-based payments expense	4.0	2.2
Advice services expenses	-	170.0
Investment management and other services expense	64.4	67.7
Custodian fees	11.7	12.6
Funds administration fees	7.1	5.2
Other funds related costs	3.7	3.6
Legal settlement expenses	41.3	-
Remediation costs	1.8	68.1
Amortisation of intangible assets	34.5	41.3
Depreciation of property and equipment	24.6	22.3
Information technology costs	119.3	126.9
Professional fees	39.6	43.9
Office support and administration	28.4	29.1
Occupancy related expenses	8.2	6.5
Marketing	5.6	3.6
Travel and entertainment	3.2	3.3
Net loss on disposal of assets	3.3	-
Other	0.5	2.5
Total expenses	**792.6**	**1,020.6**

Other direct costs by nature

The table below provides a breakdown of other direct costs by nature:

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Custodian fees	11.7	12.6
Funds administration fees	7.1	5.2
Other funds related costs	3.2	3.6
Salaries and related employee expenses	1.5	-
Other	5.3	3.6
Other direct costs	**28.8**	**25.0**

Transformation and separation costs by nature

The table below provides a breakdown of transformation and separation costs by nature:

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Salaries and related employee expenses	56.2	55.3
Information technology costs	41.3	38.1
Professional fees	14.5	16.4
Depreciation of property and equipment	2.1	2.1
General administration and other	0.6	(0.2)
Transformation and separation costs	**114.7**	**111.7**

Notes to the financial statements

For the six months ended 31 December 2024

5 Income taxes

Income taxes

For the six months ended	31 Dec 2024		31 Dec 2023	
	%	$m	%	$m
Reconciliation of effective tax rate				
Loss before tax		**(44.0)**		**(64.4)**
Income tax benefit at 30%	30.0	(13.2)	30.0	(19.3)
Tax effect of:				
(Non-assessable income)/non-deductible expenses		(12.9)		0.2
Non-assessable income from the share of profits of associates		(1.0)		(0.9)
Assessable associate dividends		0.5		1.0
Imputation and foreign tax credits		(0.5)		(0.6)
Foreign tax rate differential		(0.9)		(1.0)
Tax on disposal of subsidiaries		1.3		6.8
Non-deductible expenses from statutory funds		-		0.2
Other		(0.5)		(0.9)
Income tax benefit	**61.8**	**(27.2)**	**22.5**	**(14.5)**

Deferred tax assets and liabilities

	31 Dec 24	30 Jun 24
	$m	$m
Deferred tax assets from temporary differences		
Carry forward tax losses and offsets	111.7	36.0
Lease liability	69.5	41.0
Provisions and accruals	60.0	68.8
Employee entitlements	39.1	62.0
Unrealised losses	0.6	0.7
Other	11.9	10.3
Deferred tax assets before set-off	**292.8**	**218.8**
Set-off of deferred tax liabilities	(227.1)	(211.2)
Net deferred tax assets	**65.7**	**7.6**
Deferred tax liabilities		
Intangible assets	158.2	162.1
Property and equipment	57.8	35.5
Unrealised gains	7.8	7.4
Other	3.3	6.2
Deferred tax liabilities	**227.1**	**211.2**
Offset against deferred tax assets	(227.1)	(211.2)
Net deferred tax liabilities	-	-

Notes to the financial statements

For the six months ended 31 December 2024

6 Dividends

No interim dividend has been declared for the interim period ended 31 December 2024. For the period ended 31 December 2023, the Group declared a dividend of 9.3c per share (unfranked).

No dividend was paid during the period (half year ended 31 December 2023: $61.5m).

Dividend franking account

	31 Dec 2024	30 Jun 2024
	$m	$m
Amount of franking credits available to shareholders of Insignia Financial Ltd for subsequent reporting periods	0.8	-

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. Future franking credits will be generated when the Group reinstate PAYG instalments to the ATO.

7 Earnings per share

For the six months ended	31 Dec 24	31 Dec 23
	Cents per share	Cents per share
Basic earnings per share	(2.5)	(7.5)
Diluted earnings per share	(2.5)	(7.5)

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

For the six months ended	31 Dec 24	31 Dec 23
	$m	$m
Loss attributable to the shareholders of Insignia Financial Ltd	(16.8)	(49.9)
Earnings used in the calculation of basic and diluted EPS	**(16.8)**	**(49.9)**

For the six months ended	31 Dec 24	31 Dec 23
	No. m	No. m
Weighted average number of ordinary shares (basic)	668.5	662.8
Weighted average number of ordinary shares (diluted)	668.5	662.8

Notes to the financial statements

For the six months ended 31 December 2024

Section 3 - Operating assets and liabilities

This section shows the assets used to generate the Group's operating performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 4.

8 Cash and cash equivalents

	31 Dec 24	30 Jun 24
	$m	$m
Cash	236.4	308.7
Cash - restricted for legal settlement	50.0	-
Cash - restricted as part of ORFR*	125.4	113.0
Total cash	**411.8**	**421.7**

* Held as part of the operational risk financial requirement (ORFR) on behalf of superannuation funds. The ORFR is not available for distribution to the shareholders of the Company.

9 Receivables

	31 Dec 24	30 Jun 24
	$m	$m
Trade receivables	274.1	247.3
Legal settlement receivable	64.3	-
Other receivables	29.7	30.0
Loss allowance	(8.0)	(8.0)
Total receivables	**360.1**	**269.3**

10 Other financial assets

	31 Dec 24	30 Jun 24
	$m	$m
Financial assets mandatorily measured at fair value through profit or loss		
Fixed income*	213.8	198.1
Derivative assets**	0.6	0.6
Unlisted unit trusts	0.5	0.7
Other unlisted investments	3.1	2.7
Financial assets designated at fair value through profit or loss		
Deferred sales consideration	0.4	2.4
Total other financial assets	**218.4**	**204.5**

* Held as part of the ORFR on behalf of superannuation funds. The ORFR is not available for distribution to shareholders of the Company.

**Includes $0.4m (30 June 2024 $0.3m) derivative assets held as part of the ORFR.

Notes to the financial statements

For the six months ended 31 December 2024

11 Property and equipment

	31 Dec 24	30 Jun 24
	$m	$m
Cost	408.2	286.6
Accumulated depreciation	(197.6)	(177.5)
	210.6	**109.1**

	Office equipment	Leasehold improve-ments	IT assets	Land and buildings	Right-of-use assets	Total
	$m	$m	$m	$m	$m	$m
Balance at 1 July 2024	3.3	5.7	13.4	-	86.7	109.1
Additions	-	23.4	3.9	-	98.7	126.0
Reclassification from held for sale	-	-	-	0.5	-	0.5
Depreciation expense	(0.5)	(1.0)	(5.8)	-	(17.3)	(24.6)
Disposals	(0.3)	(0.1)	-	-	-	(0.4)
Balance at 31 December 2024	**2.5**	**28.0**	**11.5**	**0.5**	**168.1**	**210.6**

12 Intangible assets

	31 Dec 24	30 Jun 24
	$m	$m
Cost	3,251.0	3,251.1
Accumulated amortisation	(860.8)	(826.3)
	2,390.2	**2,424.8**

	Goodwill	Software and IT development	Customer relationships	Brand names	Adviser relationships	Total
	$m	$m	$m	$m	$m	$m
As at 1 July 2024	1,779.8	25.2	438.0	166.0	15.8	2,424.8
Disposals	-	(0.1)	-	-	-	(0.1)
Amortisation expense	-	(3.1)	(29.7)	(0.3)	(1.4)	(34.5)
As at 31 December 2024	**1,779.8**	**22.0**	**408.3**	**165.7**	**14.4**	**2,390.2**

Indefinite life intangible assets

During the period, the Group restructured its operating model and reallocated intangible assets into the following four cash-generating units (CGUs): Advice, Master Trust, Wrap and Asset Management. These CGUs are consistent with the Group's operating segments. Intangible assets with indefinite lives are allocated to the CGUs as follows:

CGUs	Goodwill		Brand names with indefinite lives	
	31 Dec 24	30 Jun 24	31 Dec 24	30 Jun 24
	$m	$m	$m	$m
Advice	-	-	39.5	7.7
Master Trust	972.2	-	91.2	-
Wrap	477.5	-	6.7	-
Asset Management	330.1	330.1	26.2	30.1
Platforms	-	1,449.7	-	125.8
	1,779.8	**1,779.8**	**163.6**	**163.6**

Notes to the financial statements

For the six months ended 31 December 2024

12 Intangible assets (continued)

CGU impairment testing

All CGU assets are tested for impairment as at 31 December 2024 following the change in the Group's operating model. Determination of the recoverable amounts of the CGUs requires significant judgement and making assumptions about the future cash flows of each CGU, discount rate and terminal growth rate.

CGUs	Annualised average growth rate	Pre-tax discount rate	Terminal growth rate	Estimated future cash flows
Advice	14.4%	16.2%	2.5%	Based on the five-year business plan. In developing the cash flows, considerations were given over the macroeconomic conditions and the expected performance of each CGU.
Master Trust	16.5%	14.9%	2.5%	
Wrap	11.3%	15.0%	2.5%	
Asset Management	13.5%	15.0%	2.5%	

The impairment assessment results in headroom in the Advice, Master Trust, Wrap and Asset Management CGUs.

13 Payables

	31 Dec 24	30 Jun 24
	$m	$m
Trade payables	78.0	81.2
Adviser fees payable	39.5	36.0
Legal settlement payable	114.3	-
Employee benefits and other payables	50.8	54.6
Total payables	**282.6**	**171.9**

Legal settlement payable includes payables for two separate class action settlements as discussed in Note 18 *Commitments, contingent assets and contingent liabilities*. One of the class action settlement costs is indemnified by NAB and is disclosed in Note 9 *Receivables*.

14 Other financial liabilities

	31 Dec 24	30 Jun 24
	$m	$m
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative liabilities	46.5	12.2
Total other financial liabilities	**46.5**	**12.2**

15 Provisions

	31 Dec 24	30 Jun 24
	$m	$m
Employee entitlements	131.8	207.6
Advice remediation provisions	73.2	141.4
Structured product remediation provisions	23.4	53.6
Other product remediation provisions	15.1	18.7
Other provisions	7.7	6.2
	251.2	**427.5**

Notes to the financial statements

For the six months ended 31 December 2024

15 Provisions (continued)

	Employee entitlements	Advice remediation	Structured product remediation	Other product remediation	Other provisions	Total
	$m	$m	$m	$m	$m	$m
Balance at 1 July 2024	207.6	141.4	53.6	18.7	6.2	427.5
Charged to right of use asset	-	-	-	-	3.3	3.3
Charged/(credited) to profit or loss						
Additional provisions recognised	91.8	-	-	-	0.3	92.1
Unused amounts reversed	-	-	-	-	(0.3)	(0.3)
Amounts used during the period	(167.6)	(68.2)	(30.2)	(3.6)	(1.8)	(271.4)
Balance at 31 December 2024	**131.8**	**73.2**	**23.4**	**15.1**	**7.7**	**251.2**

Advice remediation provisions

The Group has historically had a significant number of self-employed and salaried financial advisers in its Advice business, and it has been conducting a review of whether the provision of advice by advisers was in compliance with regulatory and internal policy requirements. The review determines whether fee paying clients under its licenses were:

- provided with agreed services and/or advice;
- supported with documentation evidencing appropriate provision of service and/or advice; and
- received advice appropriate to their circumstances.

Where client compensation is probable and able to be reliably estimated, provisions are raised. Compensation costs include return of service fees, estimated client loss as a result of inappropriate advice, interest for time value of money and committed costs to resource the compensation program. The provision is reduced by client remediation payments and program costs paid.

Product remediation provisions

Product remediation provisions includes remediation projects acquired as part of historic acquisitions. Product remediation provisions are reduced by client remediation payments and program costs paid.

Other provisions

Other provisions include the present value of management's best estimates of legal settlements, make good provisions and other matters. The information usually required by AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it may prejudice the outcome of certain other litigation.

Estimation uncertainty

Determining the amount of a provision, which represents management's best estimate of the costs of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted clients, the average refund per client, and associated remediation costs. Consequently, the appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence, and adjustments are made to the provisions where appropriate.

Notes to the financial statements

For the six months ended 31 December 2024

Section 4 - Capital management and financing

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

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain an optimal structure to reduce the cost of capital.

16 Borrowings

	Syndicated facility agreement	Subordinated loan notes	Total borrowings
	$m	$m	$m
Opening balance 1 July 2024	584.7	194.1	778.8
Repayments (principal and interest)	(22.3)	(1.0)	(23.3)
Revaluation gain from changes in assumptions	-	(0.3)	(0.3)
Drawdowns	158.0	-	158.0
Interest expense	23.8	5.1	28.9
Closing balance 31 December 2024	**744.2**	**197.9**	**942.1**

The Group's interest-bearing liabilities are measured at amortised cost. Embedded derivatives associated with the subordinated loan notes are measured at fair value and are included in other financial liabilities.

Syndicated facility agreement (SFA)

The SFA is a multi-tranche facility with a group of lenders. At 31 December 2024, the SFA is comprised of the following tranches:

- a $340m tranche A facility maturing 16 February 2027. During the period, the Group made $23.0m drawdown under this facility and made no principal repayment. As at 31 December 2024, this facility was fully utilised (30 June 2024: $23.0m available);
- a $290m tranche B facility maturing 16 February 2028. During the period, the Group made $135.0m drawdown under this facility and made no principal repayment. As at 31 December 2024, $155.0m of this facility was available (30 June 2024: $290.0m available);
- a $270m tranche C facility maturing 16 February 2028. During the period, the Group made no drawdown or repayment under this facility. As at 31 December 2024, this facility was fully utilised (30 June 2024: fully utilised); and
- a $55m tranche D facility maturing 16 February 2027. As at 31 December 2024, $5.3m of this facility was available (30 June 2024: $5.3m available). Utilisation of this facility is in the form of rental bond guarantees and AFSL guarantees included in Note 18 *Commitments and contingent liabilities*.

Subordinated loan notes (SLNs)

SLNs are unsecured subordinated debt obligations issued by the Insignia Financial Group. For financial reporting purposes, these SLNs contain a host contract of $197.9m (30 June 2024: $194.1m) and a compound embedded derivative liability of $37.7m (30 June 2024: $2.9m liability) that is recognised separately.

The host contract is initially recognised at fair value and subsequently measured at amortised cost, and it will accrete to the face value of the notes ($200m) using the effective interest rate by redemption date. During the period the Group recognised a revaluation of $0.3m on the host contract following a change in assumptions supporting early redemption options.

The compound embedded derivative is measured at fair value and is included in other financial liabilities. The fair value of the compound embedded derivative reflects the additional return amount to be included as part of the redemption amount for any uplift in the Company's share price over a reference price. The reference price is $3.55 (30 June 2024: $3.55).

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For the six months ended 31 December 2024

17 Share capital

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

	31 Dec 24	30 Jun 24
	$m	$m
670,726,143 fully paid ordinary shares (30 June 2024: 670,726,143)	3,061.6	3,062.3
2,818,588 treasury shares (30 June 2024: 2,798,292)	(7.9)	(8.3)
	3,053.7	**3,054.0**

For the six months ended	31 December 2024	
	No.m	$m
Ordinary shares		
On issue at 1 July 2024	670.7	3,062.3
Transfer from share-based payment reserve	-	2.0
Treasury shares transferred to recipients	-	(2.7)
On issue at 31 December 2024	**670.7**	**3,061.6**
Treasury shares		
On issue at 1 July 2024	(2.8)	(8.3)
Purchase of treasury shares	(0.7)	(2.3)
Treasury shares transferred to recipients	0.7	2.7
On issue at 31 December 2024	**(2.8)**	**(7.9)**
	667.9	**3,053.7**

18 Commitments, contingent assets and contingent liabilities

Commitments

	31 Dec 24	30 Jun 24
	$m	$m
Rental bond guarantees	44.9	44.8
AFSL guarantee	6.0	6.0
Capital commitment	2.7	2.6
Other guarantees	0.1	0.1

Contingent assets

Contingent assets of the Group exist in relation to insurance recoveries and/or possible claims which at the date of signing these accounts, have not yet been resolved. It is not practicable to estimate the financial effects of the contingent assets. Receivables are recognised in respect of identified claims only when recovery is considered virtually certain.

Contingent liabilities

Contingent liabilities of the Group exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. The likely loss to the Group in respect of each identified claim has been assessed on a claim-by-claim basis and specific provision has been made where appropriate.

Class actions

During the period, the Group reached agreements with the plaintiffs to settle two separate class actions:

- On 3 October 2024, OnePath Custodians Pty Limited (OPC), together with Zurich Australia Limited and ANZ Banking Group Limited, agreed with the plaintiffs to settle the class action commenced by Slater and Gordon in December 2020 for a total of $50m, of which OPC will contribute $22m. The settlement is subject to court approval and is made without any admission or liability or wrongdoing by OPC or any of the other respondents. The class action was filed on behalf of certain members of the former OnePath Master Fund and Retirement Portfolio Service. It relates to historical issues regarding interest rates paid on members' investments in certain cash investment options in the period prior to January 2020 and the payment of grandfathered commissions to financial advisers in the period prior to April 2019. The Group has recognised a legal settlement expense of $22m in the profit or loss and $50m restricted cash and corresponding payable on the balance sheet; and

Notes to the financial statements

For the six months ended 31 December 2024

18 Commitments, contingent assets and contingent liabilities (continued)

Contingent liabilities (continued)

Class actions (continued)

- On 6 December 2024, NULIS Nominees (Australia) Limited (NULIS) and MLC Nominees Pty Ltd (MLCN) agreed with the plaintiffs to settle the "MySuper" class action commenced by Maurice Blackburn in January 2020 for a total of $64.3m. The settlement is subject to court approval and is made without any admission or liability or wrongdoing by the respondents. It relates to a historical issue regarding the timing of transfers in 2016 and 2017 of "accrued default amounts" to a MySuper product. While NULIS and MLCN were acquired from National Australia Bank Ltd (NAB) on 31 May 2021, NAB remains liable for the costs associated with the class action, including the agreed settlement amount (less any tax benefit obtained by the Group). The Group has recognised a $19.3m legal settlement expense with an offsetting income tax benefit in the profit or loss, a $64.3m payable in Note 13 *Payables* and an offsetting receivable in Note 9 *Receivables* in relation to the settlement.

During the period, the Federal Court of Australia ruled in favour of NULIS in the matter of *Brady v NULIS*, a class action being run by Williams Roberts Lawyers and funded by Omni Bridgeway. The plaintiff has indicated he intends to appeal the decision.

Other Legal Matters

The Group continues to defend an action by the Finance Sector Union against NAB and MLC Wealth Limited (MLCW) in the Federal Court alleging the defendants had breached provisions of the Fair Work Act in respect of four "group 3" and "group 4" employees (3 NAB employees and 1 MLCW employee). The potential outcomes and total costs associated with this matter remains uncertain.

MLC Wealth Completion Accounts

An independent expert was jointly appointed during the prior reporting period by the Group and NAB to finalise the MLC Wealth completion accounts process. MLC Wealth was acquired from NAB on 31 May 2021. During the period, the independent expert finalised their determination of the final net asset price adjustment between the parties for the MLC Wealth acquisition which was binding on both parties.

The final consideration for the MLC Wealth acquisition is $1.44bn less net asset price adjustment of $5.7m from NAB which resulted in a $0.5m gain recognised in the profit or loss. This completes the completion account process.

Notes to the financial statements

For the six months ended 31 December 2024

Section 5 – Other disclosures

19 Financial value of assets and liabilities

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the closing price. Where no quoted prices in an active market exist, the Group uses valuation techniques to estimate the fair value of financial assets and liabilities.

For investments in fixed income and derivatives where no quoted prices in an active market exist, valuation techniques using observable market inputs for financial assets with similar credit risk, maturity and yield characteristics are used. Fair value of the compound embedded derivative contained in the SLNs at *Note 16 Borrowings* is determined using a MonteCarlo simulation to simulate different scenarios of the underlying equity prices.

The fair value of other unlisted investments is determined by referencing to the financial information of the underlying investments.

Fair value hierarchy

The definitions of each level and the valuation techniques used are as follows:

Level 1: quoted closing prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

	Level 1	Level 2	Level 3	Total
31 December 2024	**$m**	**$m**	**$m**	**$m**
Financial assets measured at fair value				
Fixed income	-	213.8	-	213.8
Derivative assets	0.6	-	-	0.6
Unlisted unit trusts	-	0.5	-	0.5
Other unlisted investments	-	0.2	2.9	3.1
Deferred sales consideration	-	-	0.4	0.4
Financial assets measured at fair value	**0.6**	**214.5**	**3.3**	**218.4**
Financial liabilities measured at fair value				
Derivative liabilities	-	(45.7)	(0.8)	(46.5)
Financial liabilities measured at fair value	**-**	**(45.7)**	**(0.8)**	**(46.5)**
30 June 2024				
Financial assets measured at fair value				
Fixed income	-	198.1	-	198.1
Derivative assets	0.3	0.3	-	0.6
Unlisted unit trusts	-	0.7	-	0.7
Other unlisted investments	-	0.2	2.5	2.7
Deferred sales consideration	-	-	2.4	2.4
Financial assets measured at fair value	**0.3**	**199.3**	**4.9**	**204.5**
Financial liabilities measured at fair value				
Derivative liabilities	-	(11.7)	(0.5)	(12.2)
Financial liabilities measured at fair value	**-**	**(11.7)**	**(0.5)**	**(12.2)**

Movements in level 3 financial instruments assets/(liabilities)	Deferred sales consideration assets	Other unlisted investments	Issued investment protection derivatives liabilities
	$m	$m	$m
Opening balance as at 1 July 2024	2.4	2.5	(0.5)
Additions/(disposals)	(2.0)	0.1	-
Fair value movement	-	0.3	(0.3)
Closing balance as at 31 December 2024	**0.4**	**2.9**	**(0.8)**

Notes to the financial statements

For the six months ended 31 December 2024

19 Financial value of assets and liabilities (continued)

Fair value hierarchy (continued)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels of the fair value hierarchy during the six months ended 31 December 2024 (31 December 2023: $nil).

Level 3 financial assets and liabilities

Level 3 financial instruments consist of the following:

- Deferred sales consideration assets relate to the businesses sold by the Group. It is valued at the best estimate of amounts receivable under the relevant contracts. The amount of deferred consideration receivable is linked to the funds under management of the sold businesses at a future date which is an unobservable input.
- Other unlisted investments relate to the Group's investments in two unlisted entities in the UK. The fair value of these investments is determined by referencing to the financial information of the underlying entities.
- Issued investment protection derivative liabilities are term-based investment protection products issued by the Insignia Financial Group. These products provide protection to investors' capital or a minimum level of income each year for a term of 10 or 20 years. These derivatives are measured using market standard valuation models and assumptions. Significant unobservable inputs include the underlying investments' growth rate and the risk-free interest rate assumptions.

  A 1% increase in the underlying investments' growth rate assumption would result in a decrease in fair value by $34,087 (30 June 2024: $21,088), holding all other variables constant. A 1% decrease in the underlying investments' growth rate assumption would result in an increase in fair value by $51,971 (30 June 2024: $36,053), holding all other variables constant.
  A 1% increase in the risk-free interest rate assumption would result in a decrease in fair value by $0.5m (30 June 2024: $0.4m), holding all other variables constant. A 1% decrease in the risk-free interest rate assumption would result in an increase in fair value by $1.7m (30 June 2024: $1.3m), holding all other variables constant.

20 Subsequent events

Non-binding share offers

On 17 January 2025, the Company announced that it has received a non-binding and indicative proposal from CC Capital Partners, LLC (CC Capital) to acquire all of the shares in the Company by way of a scheme of arrangement at a price of $4.60 per share. On 23 January 2025 and 5 February 2025, the Company announced that it has also received matching offers from Bain Capital (Bain) and Brookfield Capital Partners (UK) Limited (Brookfield) respectively.

The Company has decided to provide CC Capital, Bain and Brookfield with a limited period of access to certain non-public information on a non-exclusive basis. At the time of this report, the Company has not entered into any other arrangement with either CC Capital, Bain or Brookfield or any other interested party.

Master Trust target state

On 19 February 2025, the Group entered into a binding Master Services Agreement with SS&C Technologies (SS&C) to partner on the Group's transformation and simplification of its Master Trust business.

The agreement will see approximately 1,400 members of the administration and technology teams that support Insignia Financial's Master Trust business, as well as technology and certain premises will transition to SS&C, to ensure a continuity of service, operations and product knowledge for super fund members. Transitioning team members will join SS&C from 1 July 2025. The Group will provide some transitional services to SS&C under a Transitional Services Agreement.

Other matters

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, or the accompanying financial statements and notes thereto, that has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods; or
- the results of those operations in future financial periods; or
- the Group's state of affairs in future financial periods.

Directors’ Declaration

For the six months ended 31 December 2024

In the opinion of the Directors of the Company:

a. the condensed consolidated interim financial statements and notes set out on pages 21 to 42 are in accordance with the *Corporations Act 2001* including:
    i. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the six months ended on that date; and
    ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Mr Allan Griffiths

Chairman

Melbourne

20 February 2025

Independent Auditor's Review Report

To the shareholders of Insignia Financial Ltd,

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying ***Condensed Consolidated Interim Financial Report*** of Insignia Financial Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Insignia Financial Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2024 and of its performance for six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Consolidated Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2024
- Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the six months ended on that date
- Notes 1 to 20 including selected explanatory notes
- The Directors' Declaration.

The ***Group*** comprises Insignia Financial Ltd (the Company) and the entities it controlled at 31 December 2024 or from time to time during the six months ended on that date.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the six months ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Dean Waters

Partner

Melbourne

20 February 2025