MEDIA RELEASE
6 September 2005

IOOF reports 58% increase in net profit to $65.1 million

- Strong growth in cash earnings
- Significant increase in funds under management across all areas
- Improved operational efficiency
- Lifts dividend by 20 per cent

IOOF (ASX:IFL) one of Australia's leading funds management groups, today reported a strong 58 per cent increase in net profit to $65.1 million for the year ended 30 June 2005.

Cash earnings improved by 86 per cent to $34.9 million, (2004: $18.8m) reflecting robust growth in underlying earnings combined with a significant improvement in cost efficiency.

The strong result enabled the group to declare a final dividend of 12 cents per share, up 20 per cent from last year, bringing the full year dividend to 22 cents per share.

Chief Executive Officer, Ron Dewhurst, said the result reflected the company's continued focus on building its competitive position in the wealth management industry.

"We have successfully grown our funds under management and administration by 41 per cent to $22.4 billion through the year. Importantly, we've increased our funds under management both at the retail and wholesale levels, which reflects the strength of our aligned retail distribution strategy and the continued success of our wholesale funds management subsidiary, Perennial Investment Partners.

"This is a strong result across all elements of the business," he said.

Retail Funds Management

Total retail funds under management and administration increased by 15 per cent to $12.1 billion.

"Despite an increasingly competitive environment in the retail market, we have maintained our market share without any significant contraction in margin," Mr Dewhurst said.

IOOF investment products were recognised by a number of industry awards over the past year and IOOF / Perennial funds are now represented on the majority of the leading platforms in the industry.

Wholesale Funds Management

Perennial Investment Partners continued to perform solidly across its entire portfolio with wholesale funds under management almost doubling to $10.3 billion (2004: $5.4 billion).

"While Perennial once again enjoyed strong growth in its Perennial Value and Fixed Interest subsidiaries, the Growth team also gained momentum with recent mandates, emphasising the benefits of diversification in Perennial's stable of asset management capabilities," said Mr Dewhurst.

Strategy and Outlook

Mr Dewhurst said the company had spent a significant amount of time over the past year on a series of strategic initiatives to reposition the group for the longer term.

These include a new branding strategy and corporate identity for the group, together with a renewed focus on developing and engaging talent across the organisation.

"We've undertaken comprehensive research to determine our perception in the market and where we can best take advantage of opportunities to grow the business. Our new brand strategy is clearly aligned with our corporate strategy to provide a platform for future growth."

Looking forward, Mr Dewhurst said the company would concentrate on building its retail funds management presence by differentiating its offering from that of its competitors, through its independence and ability to deliver a more tailored approach to customer service.

He said the group would also continue to focus on greater efficiencies across the organisation, targeting an operating efficiency ratio of 66 per cent (ignoring the impact of changes to accounting standards).

"We are focused on implementing a strategy across all business lines which differentiates IOOF from its main competitors and can position us for sustainable growth in an industry legislated for strong growth."

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