

MEDIA RELEASE

21 February 2006

IOOF reports record interim earnings result

- **Cash earnings up by 55 per cent to \$20.4 million**
- **Significant improvement in operational efficiency**
- **Strong growth in funds under management to \$25.2 billion**
- **Lifts dividend by 20 per cent to 12 cents per share**

IOOF (ASX:IFL) one of Australia's leading funds management groups, today reported a record interim result, with cash earnings increasing by 55 per cent to \$20.4 million (1H 2005: \$13.1 million) for the half-year ended 31 December 2005.

The record growth in earnings reflected significant improvement in underlying earnings combined with further improvements in cost efficiency across the Group.

Net profit after tax grew by 64 per cent to \$10.2 million (1H 2005: \$6.2 million).

The strong result enabled the group to declare an increased interim dividend of 12 cents per share, up 20 per cent from the previous first half (1H 2005: 10 cents per share).

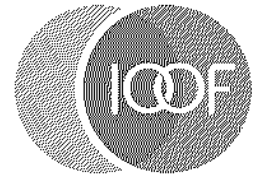
Chief Executive Officer, Ron Dewhurst, said the result was particularly welcome in a 'transitional' year for IOOF.

"Over the past year we have continued working towards positioning the business for increased competitiveness and sustainability and within that context, this is an especially pleasing result.

"I am also encouraged by the 13 per cent growth in funds under management and administration to \$25.2 billion which, given our business mix, is above market growth rates and reflects an improvement in net sales across the organisation."

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Wholesale Funds Management

Perennial Investment Partners continued to perform strongly across its entire portfolio with wholesale funds under management increasing by 36 per cent to \$12.2 billion.

“Perennial’s Value and Fixed Interest subsidiaries continued their strong performance with consistent top quartile performance, however the Growth team was also a strong contributor to the business in terms of net sales.

“This illustrates the strategic benefits of capability diversification in asset management,” Mr Dewhurst said.

Perennial further extended its asset management capability last month with the addition of the highly-regarded Perennial Real Estate team from Colonial First State.

“We believe that there is scope for further expansion in this space and we will continue to pursue these opportunities to increase our asset management capability,” he said.

Retail Funds Management

Retail funds under management and administration increased by 13 per cent to \$13 billion.

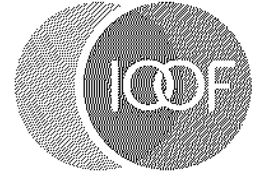
“With the retail space having matured significantly over the last few years, competition has increased dramatically, however the business continues to maintain double digit funds growth across a suite of products including platforms as well as the IOOF/ Perennial product range.

“In addition to the progress we made in positioning the group, our retail business also launched a reverse mortgage in conjunction with Australian Seniors Finance (ASF) during the period as well as rolling out the new dealer terms for our financial planning network, Winchcombe Carson.

“Having launched our new brand and marketing campaign mid last year, our market research has reported a marked improvement in brand recognition and

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perception in the first six months of this financial year which is critical to building our position in this market.”

Positioning and Outlook

Mr Dewhurst said the company would continue to build its foundations for future growth based around launching new product initiatives in the retail sector and establishing the new Perennial Real Estate team as part of the highly-successful Perennial operation.

“The market should expect the Real Estate initiative to be the first of a number of strategic initiatives that we will deliver as we transition the business into a position of sustainable and value-adding differentiation over the next 12 months.

“Meanwhile, the launch of a series of new products, including our platform IPS Phase II, will be critical to the continued success of IOOF’s presence in the retail space as we complete and update our product offering to investors, but particularly to advisers, through aligned distribution and the broader independent financial advisory market.”

Looking at the second half of the financial year, Mr Dewhurst said IOOF has upgraded its forecast to deliver full year cash earnings in excess of \$40m and an operating efficiency ratio at approximately 67%.

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