IOOF Holdings Ltd
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25 October 2006

ASX ANNOUNCEMENT

IOOF Holdings Ltd (IOOF), Security Code: IFL, requested a Trading Halt yesterday, 24 October 2006, from the ASX. This has now been lifted and the following information is provided about the relevant matter.

IOOF announces that an amendment to the terms of the acquisition of Perennial Investment Partners Ltd ("PIPL") minorities has been made.

The amendment relates to the entitlement to the deferred payment in 2009. The change provides that should any of the minority shareholders who are current employees of PIPL resign their employment, they will be entitled to receive the deferred payment in 2009, if any amount is payable.

This amendment was initiated by IOOF and was sought to address an unintended accounting implication which may have had adverse implications for IOOF's long term capital management opportunities. The amendment does not alter the quantum of the consideration or any other aspect of the transaction previously announced including the treatment of the other key PIPL executives who have relinquished their claims to PIPL equity.

At the time of the original announcement, IOOF gave guidance that there may be a charge of $9.4m to profit in the 2007 year in respect of the payment to the other key PIPL executives. This payment of $9.4m will now be capitalised (as per Table 2 below). The revised impact on IOOF's statement of financial performance is estimated to be $3.5m in 2007 (as per Table 1 below).

The following breakdown of the accounting implications for the transaction is provided to assist investors in understanding the impact of the transaction on IOOF's accounts.

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Table 1. Estimated Charges to Statement of Financial Performance

	2007	2008	2009
Value of options previously held by certain key PIPL executives expensed	$0.8m	Nil	Nil
Estimate of the component of the deferred payment required to be expensed	$1.6m	$2.7m	$2.7m*
Finance charge relating to the estimate of the deferred payment to be capitalised	$1.1m	$2.1m	$2.2m*
TOTAL	**$3.5m**	**$4.8m**	**$4.9m**

**This amount will be adjusted to the actual amount (if any) payable in 2009.*

Table 2. Estimated Capitalisation of the Investment in PIPL

	2007
Payment following completion in Dec 2006 (Minorities $67.9m + Executives $9.4m)	$77m
Provision for estimated deferred payment (based on 2009 budget discounted to 2006 dollars)	$30m *
TOTAL	**$107m***

**This amount will be adjusted to the actual amount (if any) payable in 2009.*

Shareholders will receive an addendum to the original Explanatory Memorandum by mail to ensure they are aware of this amendment prior to the shareholder vote on aspects of the transaction at the Annual General Meeting on 15 November 2006.

Enquiries:

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