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ASX/MEDIA RELEASE

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IOOF reports record interim result

- **Net Profit up 38% to $14.1 million**
- **Cash earnings up 33% to $27.1 million**
- **Solid growth in Funds Under Management and Administration up to $30.8bn**
- **Lifts interim dividend per share by 25% to 15 cents per share**

IOOF Holdings Ltd (ASX:IFL) one of Australia's leading funds management groups, today announced a record interim result, with net profit after tax increasing by 38 percent to $14.1 million (1H2006: $10.2m), for the half-year ended 31 December 2006.

Cash earnings grew by 33 percent to $27.1million (1H2006: $20.4m), representing strong growth across the business.

Funds Under Management and Administration increased by 8 percent (on a normalised basis) to $30.8 billion with sustained growth in both retail and wholesale funds management.

The strong result enabled the group to declare an increased interim dividend of 15 cents per share, up 25% from the previous first half (1H2006: 12c) payable on 12 April 2007.

The group's record result was achieved during a period of significant strategic re-positioning, including the acquisition of the remaining shares in Perennial Investment Partners Limited, the establishment of the group's advisory network, Consultum, and the launch of IOOF's major platform initiative, Pursuit.

Chief Executive Officer, Mr Ron Dewhurst, said the result was particularly pleasing given the strategic initiatives that had been undertaken during the first half.

"This is an excellent result given the initiatives we have delivered in the first half of the year. I am encouraged that our strategy is already delivering good results and the business has been re-positioned for increased competitiveness and accountability for the longer term.

"We expect growth to continue for the remainder of the financial year," he said.

Wholesale Funds Management

Perennial Investment Partners continued to perform strongly across the majority of its portfolio with funds under management increasing from $15.4 billion (June 2006) to $16.7 billion.

"There has been strong growth from the Perennial Real Estate fund launched last year and continued performance from Perennial Growth which has been in the top quartile over the last three years," Mr Dewhurst said.

In October, IOOF acquired the remaining 21.85 percent of Perennial it did not already own to further align Perennial's growth opportunities with IOOF.

"As a result of that acquisition we made some minor organisational changes to better support the new structure which is giving the business clearer focus and accountability.

"The strategy for Perennial to be a 'best of breed' asset manager continues to deliver strong results for the group, with the relatively new Real Estate team being a stand out example. We will look to broaden Perennial's asset management capabilities over the next year as part of this strategy."

Retail Funds Management

Retail Funds Under Management and Administration increased by 7 percent (on a normalised basis) to $14.1 billion.

"We are pleased that during a period of change and rationalisation across the business, net flows improved," Mr Dewhurst said.

"One of the major achievements of the group in the first half was the launch of our market-leading platform initiative, Pursuit, which provides investors with unique flexibility and choice across a range of superannuation, pensions and investments options.

"The reception of Pursuit among advisers and investors has been very pleasing with flows exceeding our expectations."

IOOF's retail distribution network, Consultum Financial Advisers, was also launched during the half with encouraging results.

"We have successfully developed new distribution alliances through Consultum, and remain confident that this business will continue to perform well as it further establishes its brand among advisers and investors generally," Mr Dewhurst said.

Outlook

Mr Dewhurst said he expected the group to benefit from the continued development of asset management capabilities under Perennial and the retail initiatives such as the launch of Pursuit and Consultum.

"We now have a clear structure which closely aligns performance and accountability and positions the group for growth.

"Through Perennial we will continue to broaden our asset management capability with a strategic model which has been highly successful.

"Meanwhile through IOOF, we will concentrate on extending our platform and distribution capabilities in the retail market. That will be achieved through continued product innovation which delivers flexibility and value for advisers, supported by a strong dealer group model based on a life-stage approach to financial advice through Consultum," he said.

Mr Dewhurst said the Group remained on-track to deliver on its earnings forecast of 15 percent earnings growth.

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