

IOOF Holdings Ltd
ABN 49 100 103 722
Level 29, 303 Collins St
Melbourne VIC 3000

GPO Box 264C
Melbourne VIC 3001
Phone: 13 13 69
www.ioof.com.au



ASX / MEDIA RELEASE

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IOOF reports half year underlying net profit of \$15.7 million

- **Reports Underlying Net Profit After Tax (UNPAT)* of \$15.7 million**
- **Cash generation strong - gross margin increases 14 per cent to \$70.3 million**
- **Funds under management and administration - \$34.6 billion**
- **Underlying Earnings Before Interest, Tax and Amortisation (UEBITA)* \$22.7 million**
- **Half-year dividend maintained at 15 cents per share; payable on 11 April 2008**
- **Strong balance sheet - potential for acquisition opportunities**
- **Reported Net Profit After Tax of \$5.7 million**

IOOF Holdings Ltd (ASX:IFL) one of Australia's leading funds management groups, today delivered its half-year earnings result, reporting an Underlying Net Profit After Tax (UNPAT) of \$15.7 million for the half-year ended 31 December 2007 (1H2007: \$16.4m)

Underlying earnings before interest, tax and amortisation (UEBITA) was \$22.7 million, an increase of 22 per cent on the preceding half and broadly in line with the previous corresponding period (1H 2007: \$23.4 million).

The result is consistent with guidance provided to the market on 6 February.

IOOF maintained an interim dividend of 15 cents per share, fully-franked, which will be paid on 11 April 2008.

Funds under management and administration were \$34.6 billion, reflecting positive inflows particularly in retail products, but affected by falls in equity and property markets over the period.

IOOF's reported net profit was \$5.7 million (1H2007: \$14.1m). The difference between the UNPAT and the reported profit principally reflects the accounting for the impact of the acquisition of Perennial Investment Partners Limited (Perennial) and a net liability revaluation due to accounting standards treatment.

Chief Executive Officer, Tony Robinson, said the underlying result demonstrated that the core businesses were operating strongly across the group in a climate characterised by increasing market volatility.

"The business units are performing well and have delivered a strong operating result, particularly when compared to an exceptional previous corresponding period where investment markets and other conditions were clearly more favourable to the business," he said.

“Cash generation continues to be strong with overall gross margin increasing by 14 per cent to \$70.3 million on the previous corresponding period. All areas of the group reported an increase in their revenue contribution which is a pleasing result. While costs have been contained, we continue to make investments for longer term growth with a particular focus on adding resources in sales related areas.

“As a result of these investments and other strategic initiatives undertaken over the past year, we are now better positioned to grow in our core markets,” he said.

IOOF is now structured across four key business units, each having a specific focus on particular market segments. These include: IOOF Portfolio Solutions (platform administration business); IOOF Investor Solutions (which is a combination of our traditional friendly society products and our fund of fund products); Consultum Financial Advisers (IOOF's wholly-owned financial planning business); and Perennial Investment Partners (asset management).

Mr Robinson said Portfolio Solutions had performed well with its flagship platform product, Pursuit, continuing to gain momentum securing net inflows of \$241 million for the half year.

“The market reaction to Pursuit continues to be positive, attracting significant inflows and recognition for its innovative product and pricing features. We have signed agreements with nine new dealer groups, including major organisations such as PIS and Genesys to the platform. We have initiated projects to gain further operating efficiencies, while also implementing fulfilment centre initiatives to improve service levels.”

The Investor Solutions business is currently undertaking a strategic review of all products with a focus on relaunching product solutions in key categories over the coming months. This will include a relaunch of our Investment Bonds.

Meanwhile, the financial advice business, Consultum Financial Advisers, has grown to over 110 advisers and continues to gain further market traction with its 'business to business' value proposition.

IOOF's asset management business, Perennial Investment Partners, which has investments in a number of award winning boutique fund managers, increased its consolidated funds under management by almost 8 per cent to \$22.4 billion from the previous corresponding period.

“The Perennial Group continues to win industry awards and peer recognition for its achievements such as 'Best Fund Manager' in *Money Magazine's* Best of the Best 2008 Awards.

Independent research groups also continue to rate Perennial Funds highly across its product suite.”

Outlook

Mr Robinson said the fundamentals of the business were sound with solid foundations now established to pursue growth opportunities to build its market position.

“The business is in excellent shape. We have a very strong balance sheet which enables us to pursue acquisition opportunities to enhance group performance in the future and have improving capability to foster organic growth”.

“However, as we have previously outlined, IOOF as with the rest of the wealth management industry, is obviously impacted by continued market volatility.

“In this climate, we remain focused on building our internal capacity across the group to maintain our performance.”

Enquiries:

Tony Robinson
CEO, IOOF Holdings Limited
Tel. (03) 8614 4880

** Underlying results exclude the impact of investment value write downs, Perennial Investment Partners Limited acquisition costs and share agreement liability revaluations.*