

May 2004

IOOF Shareholder Bulletin



It is with great pleasure that I welcome you to this edition of the IOOF Shareholder Bulletin. It is our second edition of the bulletin and my first as CEO.

Having just joined IOOF, I am looking forward to playing an active role in the company's development. As I mentioned to all staff in my briefings, IOOF has come a long way. It has grown and achieved much in its history. It is not the company it once was, and is not yet the company it wants to be, but it is well on track to realising the potential within.

I am excited about the opportunity to participate in the growth of this first-class organisation. I look forward to hearing from you, our investors, at the Annual General Meeting in November.

Yours sincerely

A handwritten signature in white ink on a dark green background. The signature is stylized and appears to read 'Ron Dewhurst'.

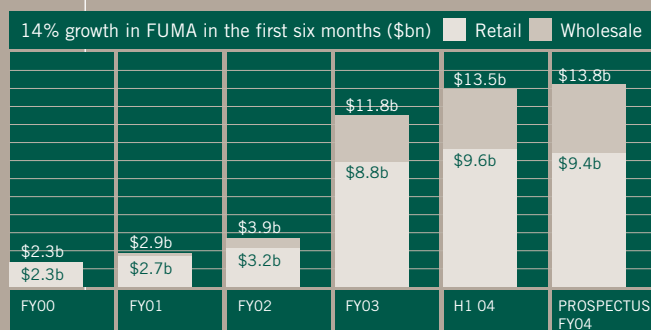
Ron Dewhurst
Chief Executive Officer

Business Update

This financial year has been busy for all parts of the business with a number of important achievements across the Group.

IOOF/Perennial wins again at the Morningstar awards

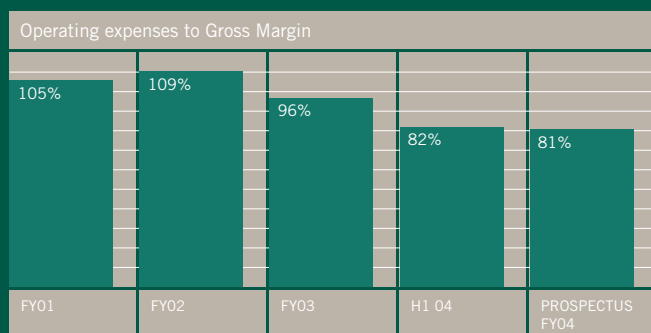
IOOF/Perennial won the Morningstar Fixed Interest Fund Manager of the Year for the third consecutive year. Morningstar recognised the well-established investment process and experienced, stable team who continue to deliver some of the best returns for Australian investors.



Strong half-year results

Our results for the six months to 31 December 2003 showed strong growth in both earnings as well as funds under management and administration (FUMA). This growth had a positive effect on net profit and cash earnings.

At the end of the half-year to 31 December 2003, our funds under management and administration stood at \$13.5 billion – an increase of 14% compared with an industry growth rate of 10%.



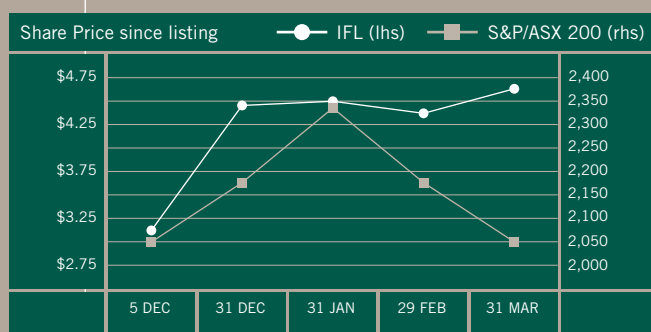
Cash earnings are an important performance indicator.

They describe IOOF's earnings before tax, revaluation of assets (subsidiaries), depreciation and amortisation are accounted for. Our cash earnings increased to \$8.5 million compared with \$1.6 million for the previous six months. This represents real growth in the business.

Our focus on cost reduction has assisted in the underlying profit growth. Over the six months to 31 December 2003, our ratio of operating expenses to gross margin reduced by 14%.

	Six months ended 31 December 2003	Growth on previous corresponding period	Full-year Prospectus forecast
Gross Margin	\$41.2m	+76%	\$74.0m
Cash Earnings	\$8.5m	+445%	\$14.6m
Reported NPAT	\$11.7m	+129%	\$22.5m
FUMA	\$13.5b	+157%	\$13.8b

The strong financial performance of the IOOF Group has been reflected in the steady appreciation of the share price since the company was listed on the Australian Stock Exchange at \$3.15 per share.



IOOF joins S&P/ASX 200

Following a quarterly review by Standard & Poors in March 2004, Standard & Poors included IOOF in both the S&P/ASX 200 and the S&P/ASX 300 indices. This move reflects the progress IOOF has made since it listed as a public company.

Their decision to include IOOF in these important indices was based on our market capitalisation and volume of trading.

IOOF's inclusion in S&P's indices has benefits for shareholders. Due to this inclusion, IOOF shares may enjoy shareholder support from those who invest in these indices, who may now include IOOF in their portfolios.

Source: IOOF, data sourced from Australian Stock Exchange Ltd. Based on closing prices.

IOOF's first dividend

Our strong half-year results across the business show that we are on track to achieve our forecast earnings. On this basis, the Directors anticipate they will be able to declare a dividend of eight cents per share.

We expect to pay this first dividend in October 2004.

Receiving your dividend

Any dividends IOOF may pay will be paid only to shareholders who register their Australian bank account details with the IOOF Share Registry. Direct credit is a cost effective and secure way of paying dividends.

We will not be paying dividends by cheque.

Paying dividends by direct credit offers you many benefits beyond the convenience and security.

You will receive your dividend quickly, without the processing delay associated with cheque payments.

Dividend payments will be deposited and cleared on the date of payment making the funds immediately available for you to use.

You can choose to have your dividends paid to your account or any other Australian bank account.

At this stage, there is no dividend reinvestment option.

We will continue to send you notification of the dividend payment through the mail, or electronically.

What you need to do

Please complete the blue and green forms enclosed with this bulletin to receive your dividend.

You will need to provide your bank account details as well as your Tax File Number, Australian Business Number or exemption information to avoid having tax withheld from your dividend payment. An investor who is not an Australian resident, or who otherwise seeks an exemption for tax purposes, is not required to provide a Tax File Number or Australian Business Number. If you seek an exemption, please provide the reason for this.

Once you have completed the forms, please send them to the IOOF Share Registry, in the reply paid envelope provided.

You can help in our drive to reduce costs across the business

Small shareholders can benefit from our Share Sale facility

As a service to shareholders with 1,000 or less shares, we have established a Share Sale facility to make it easier for those with small shareholdings to sell their shares. This facility is aimed at reducing the overall number of shareholders to reduce the administration costs of managing our diverse shareholder base.

The Share Sale facility is offered to issuer sponsored shareholders with 1,000 or fewer IOOF shares.

These small shareholders will be able to exchange their shares for cash, without paying brokerage costs.

We recognise that it can be expensive to sell a small parcel of shares as brokerage fees can make the transaction unprofitable.

If you have fewer than 1,000 IOOF shares you will be eligible to participate in the program. We have included paperwork with this bulletin for those who are eligible. If you would like to participate in the program, you will need to complete this paperwork.

You can choose not to receive a printed copy of the 2004 IOOF Annual Report

Many shareholders are not aware that the printing and distribution of our annual report is the largest cost IOOF incurs for any print item we produce. If you would like to help us reduce IOOF's costs, and the impact production of this document has on our environment, you can choose not to receive a printed copy of this year's Annual Report.

If you don't want to receive a printed annual report, register your choice, by completing section B of the green form enclosed with this bulletin and return it in the reply paid envelope provided. The Annual Report will be available when it is published on our website at www.ioof.com.au.



Access your information online

You can access information about your IOOF shareholding on the Internet. Visit our share registry's website at www.asxperpetual.com.au and find out about your holding.

Once you have registered, using your Securityholder Reference Number, last name and postcode, you will be able to change your personal information as well as download forms. To find out more about this service, visit www.asxperpetual.com.au.

IOOF and the community

When IOOF Ltd demutualised in June 2002, the IOOF Foundation was established as a not-for-profit organisation to recognise the important role the IOOF Group has played in the Australian community since it began in 1846.

The Foundation received nearly two million IOOF shares to fund its activities. The foundation has received additional donations throughout the year, and is looking for further donations to add to this capital base to fund activities planned later this year.

The Foundation plans to make grants to Australian community organisations that work with:

- disadvantaged families;
- aged care; and
- disadvantaged children and youth.

If you would like to contribute to the IOOF Foundation, or make a bequest, please contact Mary Latham or Sue Herrald.

Help for shareholders

If you need help completing any of the paperwork included with this bulletin please contact the IOOF Shareholder Information Line on 1300 552 203.