

OFM INVESTMENT GROUP LIMITED

A.B.N. 22 095 454 336

AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2003

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

The Directors of OFM Investment Group Limited ("the Company") submit the following report in respect of the half-year ended 31 December 2003.

DIRECTORS

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

M.G. Chessell OAM, LL.B, (Chairman)

W.J. Forster B.Sc., ARICS

M.G. Grant BVSc, MBA, FAIAS, FAICD

M.A. Gray AM, BComm, DDA, FREI, FAPI, FAICD

A.R. Nimmo FAIBF, FAICD

R.R. Officer BAgSc (Melb.), MAgEc (NE), MBA, PhD (Chicago), FASSA (appointed 6 August 2003)

REVIEW OF OPERATIONS

The consolidated entity achieved a net profit of \$4.105 million for the half year to 31 December 2003 which is an increase of 28.2% over the corresponding period last year. This result has the Company on target to meet the full year forecast of \$9.118 million, highlighted in the 2003 Annual Report.

The main sources of profit were, the Over 50s Mutual Friendly Society ("Over 50s") which contributed a net profit of \$2.53 million (2002: \$2.19 million) and OFM Direct Property Trust which contributed a net profit of \$1.06 million (2002; \$0.61 million). All other subsidiaries made satisfactory profits.

The expected level of decline in the Over 50s funds under management was less than budget and this, combined with the previously notified increase in the management expense ratio from 1.29% to 1.5% from 1 October, was a major part of the reason behind the increase over 2002. There were no major unexpected expenses incurred during the period

Total assets of the Group grew from \$118.6 million at 30 June 2003 to \$126.9 million at 31 December 2003. The increase came from a capital raising of nearly \$7 million in December 2003 by way of a Share Purchase Plan ("SPP") as part of the capital management programme announced to the market in October 2003. As well as the SPP, the capital management programme also attempted to reduce the proportion of our shareholders that held an unmarketable parcel of shares as allowed under the ASX Listing Rules. Each small shareholder was asked to confirm whether they wished to continue to hold their unmarketable parcel and were offered the opportunity to sell their holding without incurring brokerage fees, or to increase their holding under the SPP. This resulted in the number of shareholders reducing by approximately 5,300.

During the period OFM continued its strategy to develop a property funds management business and launched its first property trust, the OFM Direct Property Trust, with the issue of the Product Disclosure Statement dated 29 October 2003, in November 2003. The closing date for subscriptions to the Trust is currently 30 April 2004. The Trust incorporates the three properties that OFM had purchased over the prior year and a half.

**OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

ROUNDING OF AMOUNTS

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Board of Directors dated 24 February 2004

M.G. CHESSELL
Chairman

A.R. NIMMO
Director
Chairman - Audit and Compliance Committee

**OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of OFM Investment Group Limited , we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity:
 - (i) give a true and fair view of the financial position as at 31 December 2003 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

M.G. CHESSELL
Chairman

A.R. NIMMO
Director
Chairman - Audit and Compliance Committee

Melbourne
24 February 2004

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	NOTE	2003 \$'000	2002 \$'000
Revenues from ordinary activities	2	14,270	10,842
Expenses from ordinary activities	2	9,603	7,200
Profit from ordinary activities before income tax expense		4,667	3,642
Income tax expense relating to ordinary activities		562	440
Profit from ordinary activities after related income tax expense		4,105	3,202
Share issue costs		214	-
Total revenues, expenses and valuation adjustments attributable to members and recognised directly in equity		214	-
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of OFM Investment Group Limited		3,891	3,202
Basic earnings per share (cents per share)		8.8	8.0
Diluted earnings per share (cents per share)		8.8	8.0

The accompanying notes form an integral part of this Statement of Financial Performance

**OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
HALF YEAR ENDED 31 DECEMBER 2003**

	NOTE	AS AT 31-Dec-03 \$'000	AS AT 30-Jun-03 \$'000
CURRENT ASSETS			
Cash assets		44,614	34,814
Receivables		1,328	2,442
Other financial assets		5,346	5,812
Tax Receivable		586	65
Other		640	382
Total Current Assets		<u>52,514</u>	<u>43,515</u>
NON-CURRENT ASSETS			
Other financial assets		996	1,948
Property investments		72,800	72,657
Plant & equipment		563	217
Deferred tax asset		-	237
Total Non-Current Assets		<u>74,359</u>	<u>75,059</u>
TOTAL ASSETS		<u>126,873</u>	<u>118,574</u>
CURRENT LIABILITIES			
Payables		3,240	4,073
Tax liabilities		60	-
Other provisions		519	533
Total Current Liabilities		<u>3,819</u>	<u>4,606</u>
NON-CURRENT LIABILITIES			
Other provisions		123	118
Interest bearing liabilities		41,500	41,500
Deferred tax liabilities		570	569
Total Non-Current Liabilities		<u>42,193</u>	<u>42,187</u>
TOTAL LIABILITIES		<u>46,012</u>	<u>46,793</u>
NET ASSETS		<u>80,861</u>	<u>71,781</u>
EQUITY			
Contributed equity		69,279	61,868
Retained profits	8	11,582	9,913
TOTAL EQUITY		<u>80,861</u>	<u>71,781</u>

The accompanying notes form an integral part of this Statement of Financial Position

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

	2003 \$' 000	2002 \$' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash paid to suppliers & employees	(6,597)	(7,672)
Interest received	1,288	1,352
Other income received	5,705	2,339
Management fees received	7,277	7,221
Interest and other costs of finance paid	(1,111)	(234)
Other receipts	(2)	57
Income tax paid	(845)	(764)
Net cash flows from operating activities	<u>5,716</u>	<u>2,298</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property investment	(100)	(24,826)
Payments for plant & equipment	(433)	(13)
Purchase of investments	(6)	-
Net mortgage loans issued	1,460	-
Purchase of debentures	-	(7,750)
Net cash flows from/(used in) investing activities	<u>922</u>	<u>(32,589)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans to related entity	(1,693)	(81)
Issue of shares	7,625	424
Placement costs of share issue	(214)	-
Bill facility	(124)	7,500
Dividends paid	(2,431)	(2,001)
Net cash flows from financing activities	<u>3,162</u>	<u>5,842</u>
NET INCREASE/(DECREASE) IN CASH HELD	<u>9,800</u>	<u>(24,449)</u>
Cash at the beginning of the period	34,814	41,032
CASH AT THE END OF THE PERIOD	<u>44,614</u>	<u>16,583</u>

The accompanying notes form an integral part of this Statement of Cash Flows

**OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of OFM Investment Group Limited ("the Company") as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by the Company and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The half-year financial report has been prepared in accordance with the historical cost convention.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

	2003 \$'000	2002 \$'000
2. PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense includes the following revenues and expenses, the disclosure of which is relevant in explaining the financial performance of the entity:		
Revenues from ordinary activities:		
Interest received	1,288	1,282
Management fees from		
- Related entity	787	829
- Benefit funds	6,490	6,392
Rental income	4,158	1,029
Other income	1,547	1,310
Total revenues from ordinary activities	14,270	10,842
Expenses		
Provision - employee entitlements	10	40
Provision - directors' retirement fund	39	46
Marketing and advertising	786	730
Corporate expenses	1,690	1,127
Administration and fund management	2,452	2,899
Staffing costs	1,234	937
Commissions paid	474	429
Office administration expenses	116	134
Real estate expenses	1,040	149
Depreciation and amortisation	43	9
Interest paid	1,111	210
Borrowing costs	159	238
Other expenses	449	252
Total Expenses	9,603	7,200

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

3. EARNINGS PER SHARE	2003	2002
	\$	\$
Basic earnings per share	0.088	0.080
Diluted earnings per share	0.088	0.080
4. DIVIDENDS PAID ON ORDINARY SHARES	2003	2002
	\$'000	\$'000
Dividends paid during the half-year	2,436	2,012

5. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets

6. SEGMENT REPORTING

SEGMENT INFORMATION – PRIMARY SEGMENT

(i) Revenue is derived by the Consolidated Entity from the following product segments:

(a) Funds Administration - a range of financial products, including single and multi-premium investments.

(b) Insurances - health and general insurance agency

(c) Mortgages - provide funding and equity capital secured by mortgages

(d) Property - acquire and hold properties for income and growth

(iii) Segment Information:

	2003					
	Funds Administration \$'000	Insurances \$'000	Mortgages \$'000	Property \$'000	Elimination \$'000	Consolidated \$'000
Operating Revenue						
Interest, dividends and other investment income	2,853	5	383	17	(1,970)	1,288
Management, establishment and risk fees	7,277	336	204	-	(204)	7,613
Rent received	-	-	-	4,158	-	4,158
Other	1,331	-	1,162	-	(1,282)	1,211
Total segment revenue	11,461	341	1,749	4,175	(3,456)	2,809
Segment result	4,578	141	1,037	834	(1,923)	89
Income tax expense						(562)
Net profit						(473)
Segment assets	93,491	145	2,189	41,418	(10,370)	33,382
Segment liabilities	(5,177)	(46)	(163)	(41,299)	673	(40,835)
information:						
Depreciation	43	-	-	-	-	-
Non-cash expenses other than depreciation	-	-	(36)	-	-	(36)

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2003

6. SEGMENT REPORTING (Cont'd)

	2002					Consolidated \$'000
	Funds Administration \$'000	Insurances \$'000	Mortgages \$'000	Property \$'000	Elimination \$'000	
Operating Revenue						
Interest, dividends and other investment income	7,117	11	325	93	(6,264)	1,282
Management, establishment and risk fees	7,359	307	1,021	-	(173)	1,155
Rental Income	-	-	-	1,029	-	1,029
Other	15	-	-	-	-	-
Total segment revenue	14,492	318	1,346	1,122	(6,437)	(3,650)
Segment result	8,169	70	776	745	(6,119)	(4,527)
Income tax expense						(440)
Net profit						(4,967)
Segment assets	70,026	70	2,006	37,649	(36,670)	3,054
Segment liabilities	4,065	20	163	8,743	352	9,278
information:						
Depreciation	9	-	-	-	-	-
Non-cash expenses other than depreciation	-	-	18	-	-	18

SEGMENT INFORMATION – SECONDARY SEGMENT

The Consolidated Entity operates in one geographic region, Australia.

8. RECONCILIATION OF RETAINED PROFITS	As at December 2003 \$'000
Balance at beginning of the half-year	9,913
Net profit attributable to members	4,105
Total available for appropriation	14,018
Dividends provided for or paid	(2,436)
Balance at end of half-year	11,582

Independent review report to members of OFM Investment Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both OFM Investment Group Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.


Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising OFM Investment Group Limited and the entities it controlled during the period is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Denis Thorn
Partner
Melbourne
24 February 2004

Appendix 4D
Half Year Report
OFM INVESTMENT GROUP LIMITED
ABN: 22 095 454 336

1	Reporting period: 1st July 2003 to 31st December 2003 Previous period: 1st July 2002 to 31st December 2002		
		\$'000	% change from previous period
2.1	Revenue from ordinary activities.	14,270	31.62%
2.2	Profit (loss) from ordinary activities after tax attributable to members.	4,105	28.20%
2.3	Net profit (loss) for the period attributable to members.	4,105	28.20%
2.4	Final dividend 2003: (paid in Oct 2003)		
	Amount per security (cents)		6.00
	Franked amount per security (cents)		6.00
	Proposed interim dividend 2004:		
	Amount per security (cents)		5.00
	Franked amount per security (cents)		4.50
2.5	Interim dividend:		
	Record date for determining entitlements to the dividend		9-Mar-04
2.6	Revenue from ordinary activities was up by 31.62% on the previous period reflecting rental income for the full six months from the three properties owned by the Property Trust. In the prior year only the Altona Nth property was held for the six month period, 607 St Kilda Road did not settle until October 2002 and 35 Spring Street did not settle until February 2003.		
	Profit from ordinary activities after tax attributable to members increased over the prior period due mainly to the increased net return from the Property Trust which was partly offset by increased staffing costs due to increased staff numbers and consultants and legal fees associated with the production of the Product Disclosure Statement for the OFM Direct Property Trust.		
3	Net tangible assets backing:		
		2003	2002
	Number of Ordinary Shares	50,492,851	40,246,564
	Net tangible assets (\$000's)	80,861	59,738
	Net tangible assets per security.	1.60	1.48
4	There were no entities over which control has been gained during the period. There were no entities over which control has been lost during the period.		
5	Final dividend 2003:		
	Date dividend paid		7-Oct-03
	Amount of dividends paid		2,435,930
	Amount per security of foreign sourced dividend		0.00
	Proposed Interim dividend:		
	Date dividend payable		2-Apr-04
	Amount of dividend payable		2,524,643
	Amount per security of foreign sourced dividend		0.00

Appendix 4D
Half Year Report
OFM INVESTMENT GROUP LIMITED
ABN: 22 095 454 336

- 6 A Dividend Reinvestment Plan ("Plan") has been in operation since the Company listed on the ASX on 26 March 2002.
A copy of the Plan Rules is available on the Company's website or from our share registry at ASX Perpetual Registrars Limited.
- Last date for receipt of an election notice for participation in the dividend reinvestment plan. 9-Mar-04
- 7 There were no associates or joint venture entities.
- 8 OFM Investment Group Limited is not a foreign entity nor are any of the controlled entities.
- 9 This report is based on accounts, which have been reviewed by the auditors. A copy of the auditor's review report is attached.
The accounts are not subject to qualification.