



Citigroup Smith Barney
Micro Cap Conference

OFM INVESTMENT GROUP LIMITED

31 March 2004

Mr Rick Curtis - Chief Executive Officer

OFM Investment Group is a listed funds management and financial services group that has been conducting business in Australia for over 20 years.

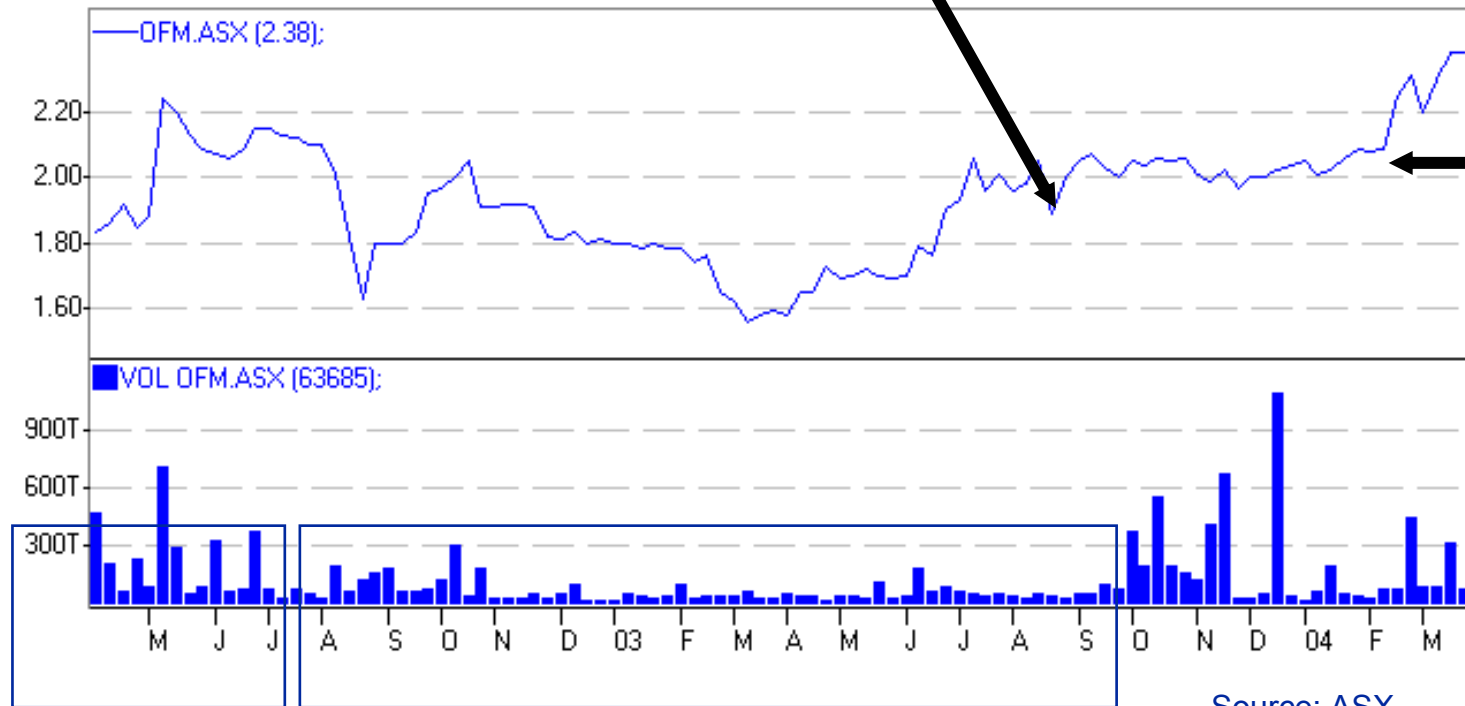
- 1980 The Over 50's Friendly Society established.
- 1990 Over 50's Insurance Agency created.
- 1994 Formation of The Over 50's Guardian Friendly Society.
- 2001 Merger of Mutual Friendly Society with The Over 50's Friendly Society, forming Over 50s Mutual Friendly Society Ltd.
- 2001 Demutualisation of Over 50s Mutual Friendly Society and the establishment of parent OFM Investment Group Ltd.
- 2002 Listed on the ASX. New CEO.

Currently has over \$1 billion FUM and Over 50s is Australia's second largest friendly society business. Registered under Life Insurance Act.

Market capitalisation of \$120m (50,492,851 @ \$2.38 as at 23/3/04)

Notwithstanding some early share price volatility on low volume, OFM has more recently enjoyed strong support on the back of earnings growth.

FY03 Results 9.5% up PCP



FY04H1
Results
28% up
PCP

↑
Share support post
ASX listing

↑
Share price volatility
on low volumes

Source: ASX

OFM conducts a range of business activities within the broader financial and funds management sectors.

- Current business activities include:
 - Investment Bonds (Friendly Society/Insurance Bonds)
 - Insurance Agency servicing the Over 50's age cohort
 - Property Syndication
 - Commercial Mortgages
 - Financial management of monies invested into pre-need funeral plans
- Our focus will increasingly seek to leverage existing skills and relationships
- In particular, we have long standing relationships with:
 - 55,000 persons who hold OFM Investment Bonds
 - 42,000 persons who have pre-need funeral plans managed by OFM
 - 20,000 persons who have insurance arranged by OFM

OFM management have worked hard to lay the foundations for growth and have completed a busy program.

- Our priorities to this point in time have been:
 - Establish new senior management team
 - Strengthen risk management and compliance systems
 - Attain all relevant AFS licences
 - Re-tender external administration
 - Restructure investment mandates
 - Re-establish relationships with financial planners and other relation partners
 - Capital management initiatives
 - Establish unlisted property trust
 - New investment bonds

Following demutualisation and listing, with over 40,000 shareholders, we recognised the need to undertake a range of capital management initiatives.

- Our objectives in these initiatives were to:
 - Increase share liquidity
 - Encourage a more sophisticated approach to share valuation
 - Develop relationships with institutional investors
 - Facilitate access to capital markets
 - Reduce costs associated with large retail shareholder base
- Our actions were:
 - Place 6 million shares (15%) to institutional investors in June 2003
 - Established sale facility for unmarketable parcels in December 2003
- The result is shareholders now down to approximately 26,500

Having completed the platform for growth, management are focused on a range of strategies designed to grow earnings.

- At a strategic level we are looking to:
 - Concentrate on product design and manufacture rather than vertical integration
 - Look for value added fees
 - Use existing capital to establish additional business streams
 - Develop alliances and co-branding opportunities
 - Continue to build OFM brand awareness
 - Maintain conservative brand image
 - Leverage existing client base and relationship with ageing cohort with a particular focus on post retirement products

Management are focused on a number of operational initiatives that are designed to result in earnings uplift in the medium term.

- In particular, we are working on:
 - Marketing of OFM Direct Property Trust
 - Marketing of OFM Blueprint Bonds with van Eyk Research
 - Establishment of a new mortgage trust
 - Development of “reverse mortgage” derived products
 - Complimentary acquisitions

To the half year ended 31 December 2004, OFM reported NPAT of \$4.1m on revenue of \$14.3m. Management are forecasting FY04 NPAT of \$9.1m (28% increase).

OFM Investment Group Profit & Loss Statement	31 December 2003 \$'000
Revenue	14,270
Expenses	9,603
Profit before tax	4,667
Tax expense	562
Net profit after tax	4,105
Earnings per share	8.8c
Dividends per share	5c
No. of shares at 31 December	50,492,851
Weighted average no. of shares	46,912,638
Effective tax rate	12.0%
Average return on equity pa	10.57%
Funds under management	1,017m

In addition to cash reserves, the B/S shows a non-recourse loan of \$41.5m against property held pending the close of the OFM Direct Property Trust.

OFM Investment Group Balance Sheet	31 December 2003 \$'000
Current Assets	
Cash	44,614
Mortgages	5,346
Other	2,554
Non-Current Assets	
Investment Properties	72,800
Mortgages	996
Other	563
TOTAL ASSETS	126,873
Current Liabilities	
Other	3,819
Non-Current Liabilities	
Bank loan	41,500
Other	693
TOTAL LIABILITIES	46,012
NET ASSETS	80,861

While needing to address several legacy issues arising from our beginnings as a mutual, OFM is well positioned to become a leading financial services company operating in a highly focused and targeted manner.

- Significant cash reserves need to be appropriately deployed
- Favourable tax treatment of management fees received by friendly societies leads to lower franking credits
- Migration from retail shareholder register to greater institutional support
- Opportunity to leverage existing clients and relationships
- Opportunity to develop a range of innovative solutions for post retirement income market