



## MEDIA RELEASE

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### OFM FULL YEAR PROFIT INCREASES BY 32%

Listed funds manager and financial services company, OFM Investment Group Limited (OFM), today announced a net profit of \$9.39 million for the year ending 30 June 2004. This was 32.01% higher than previous financial year and above the forecast net profit of \$9.11 million.

The directors have declared a fully franked final dividend of 6 cents per share for the six months ending 30 June 2004, as forecast, bringing total dividends for the year to 11 cents per share franked to 95.45%.

#### Results Summary

	<b>2003 \$'000</b>	<b>2004 \$'000</b>	<b>Change %</b>
Revenue	23,443	32,636	39.21
Expenses	15,145	20,906	38.04
Profit before tax expense	8,298	11,730	41.36
Tax expense	1,188	2,066	73.91
Net profit after tax including outside equity interests	7,110	9,386	32.01
Outside equity interests	-	(278)	-
<b>Net profit after tax</b>	<b>7,110</b>	<b>9,386</b>	<b>32.01%</b>
Earnings per share	17.5	19.2	9.71
Dividends per share	11c	11c	-
Number of shares at year end	46,687,676	50,928,272	9.08
Average number of shares	40,593,217	48,806,316	20.23
Tax rate	14.3%	18.0%	25.98
Funds under management	1,043m	1,089m	4.41

OFM Chief Executive Officer, Mr Rick Curtis, said: "This was an excellent result in a difficult year in which the Group successfully changed its external administration manager and obtained appropriate AFS licenses. For the first time in many years the Group issued new products - the OFM Direct Property Trust and three investment bonds."

"The increase in profit was driven by up front fees earned on the first property trust and higher management fees from the Company's core Over 50s Mutual Friendly Society investment bond funds. The increase in funds under management of 4.4% (compared to a decline of 5.4% in 2003) was due to the property trust and this was the first time in over a decade that an increase had been achieved for the Group."



“The expense line increased chiefly as a result of establishment costs associated with the OFM Direct Property Trust. There was also an increase in employee numbers from 14 in 2003 to 29 in 2004 as part of the process of expanding the Company’s business, increased compliance requirements and bringing back in-house some functions that were previously outsourced. The higher tax rate and income tax expense was as a result of increased profits generated outside of the Over 50s Mutual Friendly Society subsidiary company”

Mr Curtis said: “The strategy in 2004 was to seek to extract the best performance from OFM’s existing friendly society business, whilst using profits from the new property syndication business to fund development of other new businesses. However the Group is faced with a continuing decline in funds under management from its older friendly society investment bond portfolios as its client base ages. OFM therefore needs to significantly invest in the development of new products for its existing clients as well as to attract new clients in order to continue to grow overall funds under management.”

“The 2005 financial year will be a period of investment in new businesses. The Company plans to devote significant resources to establishing a major presence in the markets for reverse mortgage products. This will be a further step in OFM’s strategy of focusing on meeting the needs of the seniors and post retirement markets.”

“It is expected that profitability of the Company in 2005 will be reduced to be in the range of the 2003 profit result primarily due to the start up costs associated with investing in new products. In addition OFM is of the view that the current subdued property syndicate market will continue in the short term and not allow increased profits to be generated from this business. Further guidance on profitability will be provided in the second half of the financial year once the new products have been launched. OFM intends to maintain the 2004 dividend return to shareholders by increasing the pay out ratio on profits for 2005.”

“The Group is continuing to look at acquisition opportunities in the financial services, property and seniors market areas, but will maintain a disciplined approach to investment and only make acquisitions at realistic and sustainable prices. Given the Group’s growth plans and possible capital requirements, the Board has decided not to undertake any further capital management initiatives at this stage. However this position may be reviewed during the year.”

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For further information on OFM, please refer to our website at [www.ofmig.com.au](http://www.ofmig.com.au)

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