



VIA ELECTRONIC LODGEMENT

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Australian Stock Exchange
Company Announcements Platform

Annual General Meeting – Chairman’s and Managing Director’s Address

Please find attached Chairman’s address and Managing Director’s address to be given to the OFM Investment Group 2006 Annual General Meeting convened for 11:00 am on 25 October 2006.

Yours faithfully

CATHERINE JONES
COMPANY SECRETARY

**OFM INVESTMENT GROUP LIMITED
ANNUAL GENERAL MEETING
25 OCTOBER 2006**

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Introduction

2006 was a good year for OFM highlighted by a profit of \$7.3 million, the declaration of a special dividend of 9 cents taking the total dividend for the year to 20 cents, the acquisition of Century Funds Management Limited a major property funds business, and other acquisitions and the appointment of a new Managing Director. These matters are set out in detail in the Annual Report which has been circulated or is otherwise available to you.

It also marked the completion of 5 years from demutualisation and listing as a public company - an important milestone in the history of the company.

I would like therefore to take this opportunity to make some comments about our progress over those 5 years, and to consider with you our prospects for the coming years. I would also like to touch on a number of matters on the agenda for your consideration today and to ask Chris Martin to then address you in more detail on financial performance and business issues in the year under review, and his vision for the future of the company.

There will of course be adequate opportunity for questions and discussions later in the meeting.

5 Year Achievements

Those who have been involved with the company during its 5 years, (and there are many), will recall that the company had its origins in the demutualisation of the Over 50s Mutual Friendly Society Limited, which continues as a wholly owned subsidiary of the company.

In the Information Memorandum prepared at that time, the board's vision was described as "*effectively managing the interests of current investors, providing additional financial services either directly or in association with appropriate partners, and enhancing the returns to shareholders by flexible and skilled participation in a range of property investments and as a manager of property related funds*".

In subsequent years, the board and management have worked hard to bring this vision to reality - and although Friendly Society management fees were still the major contributor to revenues in 2006, they were strongly supplemented by income from commercial mortgages and from our property division.

However, at that time, we recognised that the profile of our Friendly Society membership meant that there would be likely to be net redemptions of maturing Society funds, and we set about finding alternative funds management products and new investors.

This strategy has been successful, additional investment products have been introduced and although some Society funds have matured and been redeemed, total funds under management have been maintained at around \$1.1b over the five year period.

Our financial performance over the 5 years has been steady and consistent. Our profit after tax at the end of our first year was \$6.78m. In 2006, profits were \$7.3m and they have been maintained at or about this level throughout the whole of the five year period. As a consequence we have been able to maintain an annual dividend payment of 11 cents per share in each year of the five year period.

During this period, shares have grown from \$1.65 on listing to over \$2.50 today, with the market capitalisation increasing from \$82 million to \$147 million.

Whilst this steady growth and reliable return for shareholders may appear unspectacular in these times of multi billion dollar takeovers, directors take real satisfaction from the successful implementation of their plans for a return of capital and the delivery of sound dividend income to the original Friendly Society members, and from the formation of a small but respected financial services and funds management company, making an effective niche for itself.

My most important message today however, is to tell you that I have never felt more confident about the future of the company than I do at this time.

My confidence arises from a number of factors:

- First, the significant reinvestment which has been made in the company during its first five years, which should generate steadily improving returns for the company in the years ahead.

I am particularly pleased with the investment in our most important asset - our people. We started the transformation from Friendly Society to Listed Company with a staff of seven. Now we have staff of 77. They are mostly young and they are all committed, qualified, professional, hardworking and I think impressive.

In Chris Martin, we have a committed leader who has reinvigorated all aspects of the business since his appointment as Acting CEO in February this year, and as Managing Director from 1 July 2006.

As well as investing in our people, we have invested in new business initiatives — one of the most promising of which is our highly regarded Reverse Mortgage business. Significant new wholesale funding arrangements were negotiated during the year to support the growth of this business - which is showing every indication of fulfilling the potential that Chris Martin saw for it when he persuaded the Board to make this investment over two years ago.

Although we were one of the first to offer Reverse Mortgage funding, we now operate in a competitive market place which has recognised the important role that the release of equity in people's homes is likely to play in retirement funding in Australia in the years ahead.

- Secondly, my confidence stems from the acquisition of Century Funds Management Limited, which has brought to the Board the talents and experience of its founder John McBain, and to our business, a proven and successful property funds management team under the direction of Jason Huljich. Century is based in Sydney and at the time of the merger had approximately \$440m in funds under management. The owners of Century now have a substantial investment in this company and a commitment to the successful implementation of their ambitious plans for the development of our property investments and property funds division.
- Thirdly, the further development of our mortgage lending team under the direction of Colin Robinson. This team is successfully managing approved loans of investment funds in first mortgages, totalling \$273m, and capital investments in the mezzanine loans of around \$30m.

Colin's team has established our Mortgage Income Fund and is currently advancing plans for the development of other mortgage based funds management products, which will provide the strong property backed income streams sought after by the over 50s investor.

- Fourthly, there is increasing support for OFM investment products by financial intermediaries, including a revival of interest in Friendly Society products - particularly

those equity based products which have, in recent years, rewarded investors with substantial returns within the tax advantaged Friendly Society environment.

- And finally - there is a determination to develop the full potential of other businesses such as our insurance agency, and there is a strong internal capacity amongst our staff to analyse and review potential merger and acquisition opportunities.

Vision as a Major Participant in Seniors Markets

It is interesting in Australia that although many companies have identified the over 50's as a worthwhile market segment for their product and services, there is no company I think, that is completely focused on that demographic. It was with this in mind that Chris Martin brought to the Board a strategy which takes advantage of our name and our heritage and refocuses our commitment to this sector. Our company will strive to build on our existing relationships with Australians over 50 years of age. We aim to become the pre-eminent public company provider, not only of financial products and services, but also in due course, of lifestyle products and services such as travel, aged care and other areas of interest and importance in this sector of the market. In the years ahead, we will continue to strengthen our alignment with the over 50s community.

As part of this process the Board has readily approved the new presentation and branding of the company, as admirably shown in our annual report. We believe this demonstrates the fresh and innovative approach to our business that we want to convey, and it is for this reason that we will seek your approval later today for the change of name from OFM Investment Group Limited to the more focused Over Fifty Group.

Remuneration Issues

Whilst no changes are sought in respect of Directors' remuneration, there are a number of remuneration issues on our agenda.

The fixing of staff remuneration is one of the most important of the Board's roles and responsibilities, involving as it does, a careful balancing of the appropriate incentives and rewards for all staff members, and the interests of shareholders.

The Board's remuneration policy is designed to ensure that remuneration arrangements demonstrate a clear link between reward and performance and to ensure that we continue to be able to attract, motivate and retain capable individuals. For this purpose, the Board has established both short term and long term incentive schemes for the staff and an option scheme as part of the remuneration packages offered to the managing director. In doing so, the Board has drawn on the experience of its members, independent advice and industry data on current practices and procedures.

Short term incentives generally provide cash bonuses as recommended by the Managing Director based on an assessment of each individual's performance over the preceding 12 months against pre-agreed goals. In August this year, the Board determined to seek additional flexibility in the provision of short term incentives by way of issue of shares, and for this purpose the Board approved the short term incentive scheme, which was summarised in the notice paper to this meeting, and pursuant to that scheme, made a preliminary allocation of 28,400 shares to staff members to coincide with the launch of the new Over Fifty brand.

ASX Listing Rules provide that any issue of shares exceeding 15% of the issued shares requires shareholder approval. Although the allocation represented only 0.05% of issued shares and was, therefore, well within the limit for which shareholder approval is required, we are seeking your formal approval of the Short Term Incentive Scheme and for the issue of the 28,400 shares this year later in the meeting, to enable us to maintain the flexibility to issue up to 15% should an appropriate opportunity arise before the next AGM.

The long term incentives have been provided by way of the group's performance rights plan approved by the Annual General Meeting in 2003. That plan now enables the directors, on the advice of the Managing Director, to nominate the employees who, in their opinion, should participate in the plan and to grant rights to receive in the future, a specified number of ordinary shares subject to satisfying performance hurdles and time-related vesting conditions.

The remuneration of the Managing Director raises further complexities. The Managing Director, of course, plays a pivotal role in the success or otherwise of the company. Quite rightly, the performance of the Managing Director is under the constant review of the Board – and the tenure of an MD is generally dependent on the successful delivery of the agreed strategy.

As a consequence, Managing Directors seek and are entitled to expect special remuneration arrangements which commonly include incentives in the form of options.

Your Board favours this approach and has in the case of Chris Martin, approved the issue of options exercisable on the achievement of agreed performance hurdles or at the expiration of appropriate periods of service. This scheme will be put to you for approval later in the meeting.

Funding of the Century Acquisition by Transfer of Shares following the closure of the OFM Trust

The completion of our first five years had two other practical consequences for the company.

It marked the end of the five year restriction on shareholdings, established under the initial court approved Scheme of Arrangement which limited individual shareholdings to 5% of the issued capital in the company.

It also brought to an end the approved arrangements for dealing with shares for members whose entitlements had failed to be verified in the required manner – which shares were held within the OFM Trust.

The shares remaining in the Trust were valued at approximately \$4.4 million and these shares were used as part consideration for the acquisition of Century Funds Management Limited.

This crystallisation of the value of the shares in the OFM Trust together with the accumulated dividends on those shares enabled the directors to declare a special fully franked dividend of 9 cents per share in the 2006 year, in addition to the final dividend of 6.0 cents per share, which was also fully franked.

Century Funds Management was acquired in July for \$42.4m. In addition to the shares in the OFM Trust, the consideration included the issue of nearly 5 million additional shares to the former shareholders of Century and although this represented less than 10% of the issued capital of the company, and therefore did not necessitate the need for formal approval, we will ask for your endorsement of these actions later in the meeting in order to ensure that we can obtain the flexibility to issue up to 15% should the need arise.

AIFRS

Finally, I would like to briefly refer to the presentation of our accounts this year which for the first time, are required to meet the new international financial reporting standards, known as AIFRS.

These new standards require the benefit funds of the Over 50's Mutual Friendly Society to be consolidated even though the shareholders in OFM have no direct rights or entitlements

over the assets and liabilities held in those benefit funds. This has resulted in an increase in reported assets and liabilities as well as in income, expenditure and income tax. These requirements do not, however, impact on the company's reported net profits or net assets.

The Cash Flow Statement was required to include cash movements that occurred in the benefit funds during the year and the balance of cash at year end includes \$49.6m that belongs to the benefit fund policy holders and not to the shareholders.

You will see that in addition, a number of notes to the accounts have information relating specifically to benefit funds rather than the shareholders' assets.

We are of the view that the new standards introduce complexities to the accounts which are of little practical benefit and we are disappointed that the representations made by the Friendly Society industry for exceptions to these requirements were unable to be implemented.

Conclusion

The Directors have approved budgets for the business in 2007 which reflect a commitment to further investment in our new brand, distribution channels, reverse mortgages and other new products.

This investment is designed to enable us to implement our strategies to increase funds under management so as to ensure a solid base on which to grow profitability in 2007 and beyond, whilst ensuring consistent earnings and the maintenance of fully franked dividends.

I would like to conclude by thanking my Board colleagues for their ongoing commitment to the advancement of the interests of the company and to Chris Martin and his hard working staff for their efforts throughout the year and their successes to date.

Ladies and Gentleman I would now like to invite Chris Martin to present his first report to you as Managing Director.

**OFM INVESTMENT GROUP LIMITED
ANNUAL GENERAL MEETING
25 OCTOBER 2006**

**MANAGING DIRECTOR'S
ADDRESS TO SHAREHOLDERS**

Good morning. I am delighted to attend this Annual General Meeting in my capacity as Managing Director and to provide you with this update on our company's achievements and outlook.

The Chairman has introduced each of the Directors and I would now like to introduce the senior management team: Catherine Jones, Terry Reid, Iain Giles, Adriana Nicu, Stuart Boys, Kerrie Fildes, Jason Huljich and Colin Robinson.

We have had a very busy 12 months and have completed a great deal of work the benefit of which will continue to be seen over the coming years. In addition to appointing a new Managing Director we have strengthened our senior management team, communicated our commitment to meeting the needs of the over fifty community, completed a major acquisition and re-branded the organisation.

As you are aware, the Company generated a net profit after tax for the year ending 30 June 2006 of \$7.3 million. This was in line with expectations and was a pleasing result given the level of investment we made back into the business.

While the major contributor to earnings in the year under review was the Over 50s Mutual Friendly Society we are very encouraged by the growing strategic and financial contribution of other business units.

On my appointment as Managing Director I instigated a review of our various business activities to determine their strategic fit, likely financial contribution in the short, medium and long term and most importantly whether we should continue to invest our relatively limited financial and human resources into them.

Having completed my review I am delighted to inform shareholders that the company has a number of business units that I would define as being "emerging stars".

These are businesses units that are well positioned to make a significant strategic and financial contribution to the Group in the medium term.

In particular, I am pleased with the outlook for our insurance agency and reverse mortgages business units.

These emerging stars are highly complementary to our more established friendly society, commercial mortgages and property funds management activities.

Acquisition of Century Funds Management

On 10 July 2006 and following the conclusion of the year under review, we announced the acquisition of 100% of Century Funds Management for \$42.4 million. Century was a privately-owned and Sydney-based property funds manager with approximately \$440 million in funds under management as at 30 June 2006.

The acquisition of Century aligns directly with our corporate strategy to meet the needs of the over fifty community given that property backed investments play an important role in delivering both income and capital growth to our target market.

The Century management team's expertise and underlying corporate profitability will also benefit us through reducing our reliance on one-off property related transactional revenues and moving us towards a more sustainable earnings stream from funds management activities.

We welcome the Century team to the Over Fifty Group and look forward to working with them in growing our property funds management business.

The acquisition of Century is a good example of how it can be in shareholder's interests to supplement the growth of our existing business through acquiring complementary ones. We will continue to explore inorganic growth opportunities and believe that the Group may benefit from making further acquisitions in order to accelerate the achievement of our goals.

Our Strategy

While we are all aware that the developed world is ageing, many people believe that the change is mainly a result of the baby boomers progressing to retirement. While this is having an enormous effect, the ageing of those people born in the years after the end of the Second World War is only part of the larger long term movement towards older populations.

Global population ageing is a trend that heralds long term shifts in individual and societal attitudes and behaviours. Not only is this trend restructuring our society, we believe it is going to play an important role in the evolving landscape of the corporate sector.

We believe the most successful companies of the future will work hard to redefine their brand, products and processes to meet the changing needs of the over fifty community. There is little doubt that the ageing population represents the single larger driver of growth and profitability of the financial services sector over the next twenty years.

Your company is very well positioned to take advantage of this opportunity. We see our future in providing product and service breakthroughs that will become the industry benchmark for meeting the continually changing needs of our ageing population.

With a strong heritage dating back to our beginnings in 1980, we have continually provided financial solutions to the over fifty community. We have achieved this under a number of brands.

In keeping with our focused strategy and as you are aware, we are proposing to change our name from the OFM Investment Group to the Over Fifty Group. We believe this change captures the best of our heritage while at the same time embracing our future. It signals our intention of becoming the pre-eminent provider of financial and lifestyle solutions to the over fifty community.

While this is not a radical departure from the strategy that we have been pursuing for several years it is true to say that our new brand says as much about what we will not do as it is a guiding light for us to assess activities that we might pursue.

As the clarity of our name suggests we are single minded and a specialist in the over fifty market. We aspire to know more about the needs and desires of our target market than any other organisation serving them.

There is a great sense of urgency in our activities and a tremendous sense of self belief. We intend to continue to serve the over fifty community better than anyone else and to even further harness the passion that our staff exhibit everyday.

Our People

Great companies are built by great people working together in teams. While to many this statement may seem a little trite, the reality is that notwithstanding that it was as relevant 100 years as it is today, the single most important factor in dictating the future success of the Over Fifty Group will be the degree of engagement our staff have with the business in which they work.

In a global environment in which highly skilled and motivated staff are actively pursued by competitors we are working hard to become an employer of choice. That is, we must become a company that people want to work for. We are developing a strong and powerful culture with our staff sensing they are part of building something of which they can be very proud.

I can only reiterate the comments of our Chairman as I thank our staff for the outstanding contribution they continue to make in ensuring our shared vision becomes a reality.

As those of you who attended this morning's policy holders meeting will have heard, after 23 years of loyal service Stan Thomson has informed the Company of his intention to retire in January 2007.

Stan is a highly respected member of the friendly society industry and his retirement is not only a loss for the Over Fifty Group but to the industry in general.

I know that Stan is known to many of you and I am sure that you will join with me and the Board in wishing Stan all the very best in his retirement.

I would also like to note that Denis Thorn from our external auditors Ernst & Young is completing his tenure as the audit partner on the Over Fifty Group account. I would like to thank Denis for his contribution to our business.

On a personal level, I would also like to thank our Board who have provided me with support and valued guidance as I commence my tenure as Managing Director.

Conclusion

In closing, I believe that the combination of our existing client base together with the ageing of our population provides us with a strong platform on which to build on our success to date.

On behalf of the management team I can assure shareholders that we will continue to work hard to ensure that the Over Fifty Group fulfils its exciting potential.

Given the formality of an annual general meeting it is difficult for us to capture and share the passion and enthusiasm of those of us entrusted to look after your investment in the Company. That being said I sincerely hope that you leave today with a well founded sense of optimism over our future.

Thank you for your ongoing support and I look forward to meeting as many of you as possible following the meeting formalities.