



**2007 Financial Year Results Presentation
29 August 2007**

**Chris Martin – Managing Director
Terry Reid – Chief Financial Officer**

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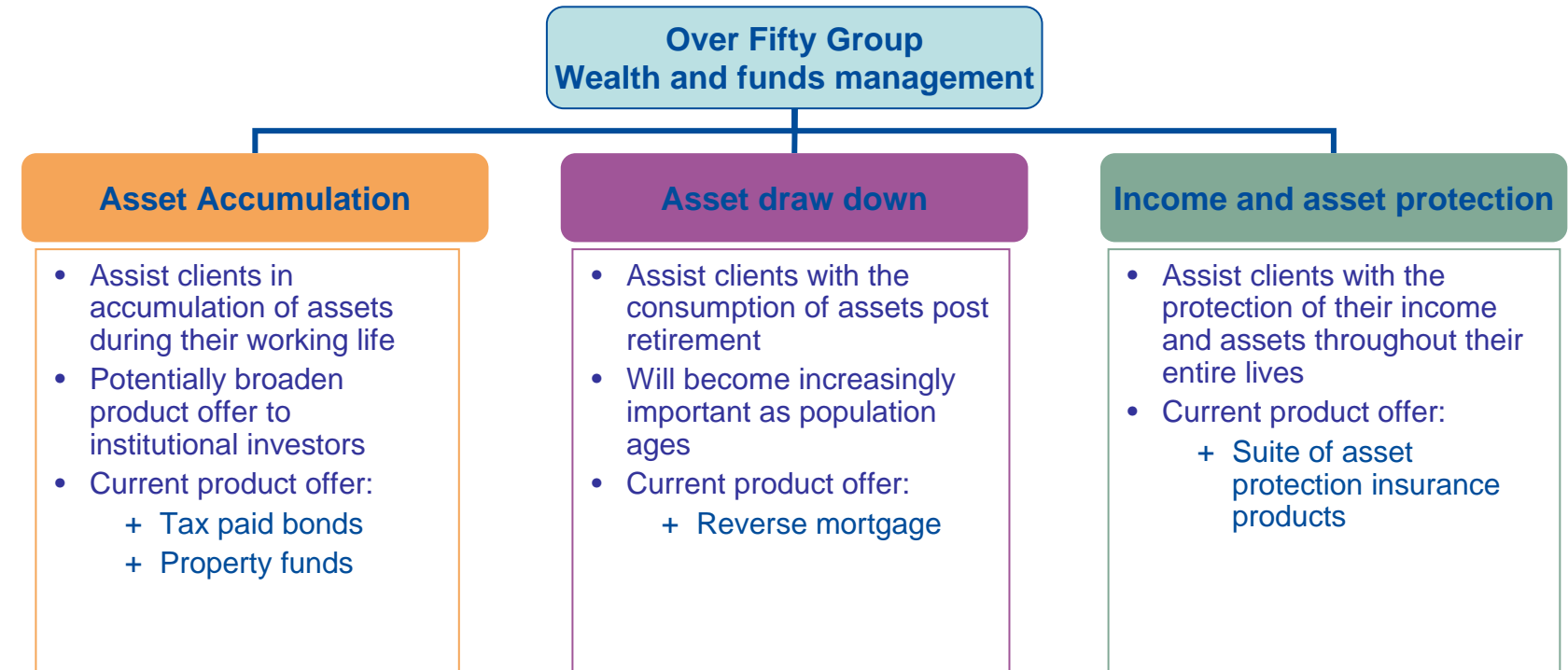
- **Key achievements in 2007**
- **Group strategy**
- **Growth and diversification of FUMA¹**
- **Segmental results**
- **Outlook for 2008**

1. Funds under management and administration

Key achievements in 2007

- Appointment of new CEO and adoption of new strategy
- Achieved earnings growth (\$7.3m to \$7.6m) despite major internal restructure and bad and doubtful debt provision (for commercial mortgages division, subsequently closed)
- Acquisition of Century Funds Management in July 2006
- Funds under management and administration increased by 57% to \$1.8 billion
- Establishment of wholesale funding facility with a leading bank for reverse mortgage business
- Launch of a pilot distribution program for reverse mortgages with ANZ
- Greater transparency with release of detailed segmental results including break-out of benefit funds

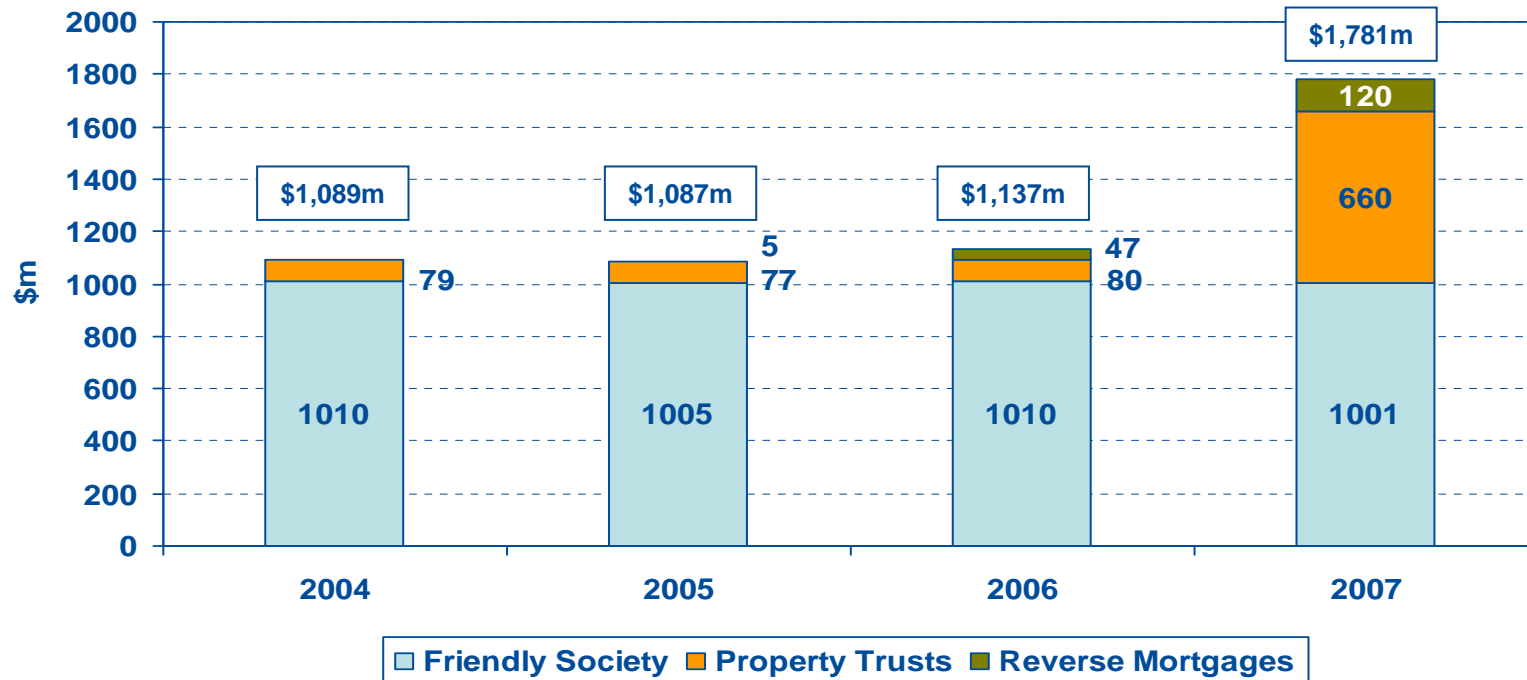
Group strategy



- Focus has shifted from “clearing the decks” to profitable growth
- Capitalise on strengths:
 - brand and heritage – resonates with consumers in our over fifty market
 - specialists in serving the over fifty market
 - nimble and flexible
 - disciplined approach to acquisitions and investments

Strong growth and diversification in FUMA

Over Fifty Group - Funds Under Management and Administration



Segmental Results (excl. Friendly Society Benefit Funds)

	2006	2007	% Change
	\$m	\$m	
Revenue			
Property Funds Management	11.1	19.7	77.8%
Reverse Mortgages	2.6	7.9	200.7%
Friendly Society	20.7	20.0	-3.6%
Other	2.9	2.6	-9.8%
Commercial Mortgages	4.6	6.1	34.4%
Total revenue	41.8	56.2	34.4%
Profit before tax:			
Property Funds Management	6.5	10.2	57.5%
Reverse Mortgages	(2.1)	(1.4)	-32.6%
Friendly Society	13.7	13.3	-3.1%
Other	(6.4)	(10.1)	77.6%
Commercial Mortgages	1.9	0.5	-75.9%
Total profit before tax:	13.7	12.5	-8.4%
Share of profit in associate	0.5	0.4	
Tax	(6.9)	(5.4)	
NPAT	7.3	7.6	3.6%

Strong growth in property funds management activities

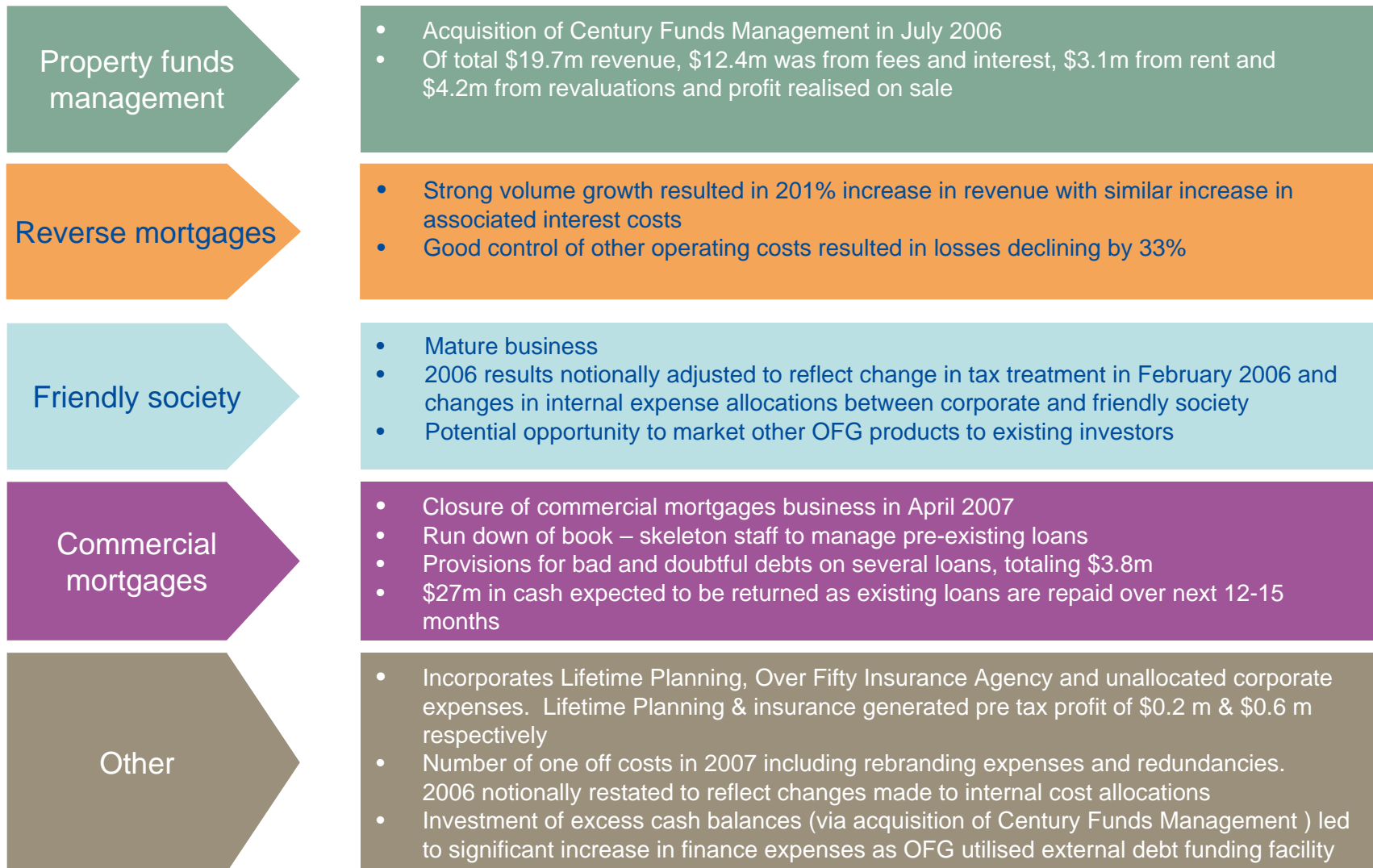
Strong revenue growth in emerging business

Driven by number of one-off events and significant increase in finance costs

Impacted by bad and doubtful debts (\$3.8m)

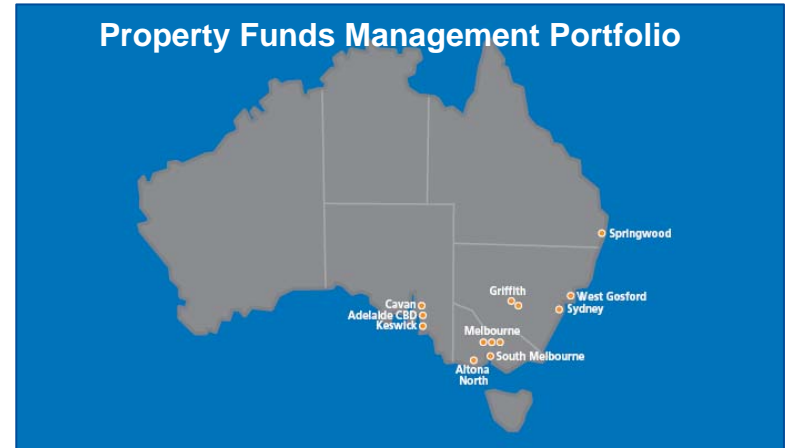
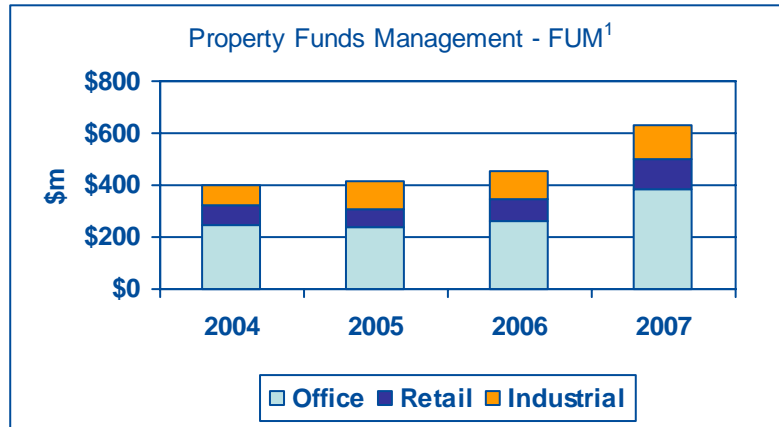
The information in this table is in summary form and has been derived from Over Fifty Group Limited's statutory accounts but has been adjusted to exclude inter-group balances and transactions and amounts attributable to the benefit funds of Over Fifty Mutual Friendly Society Limited. In addition figures for 2006 have been notionally restated as noted on the following page.

Understanding the drivers behind the results



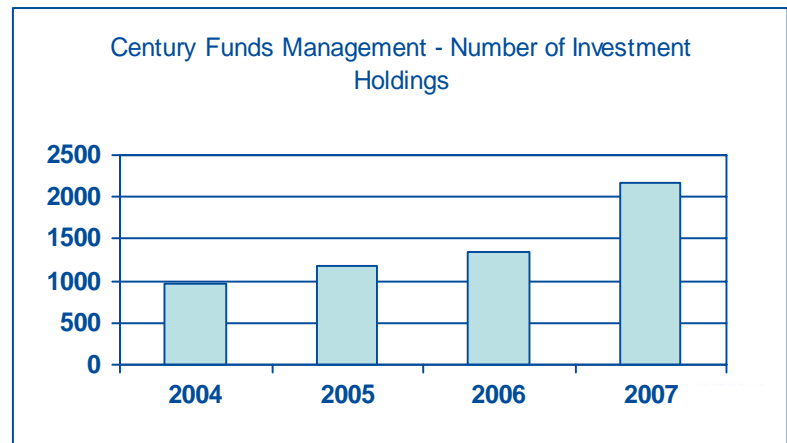
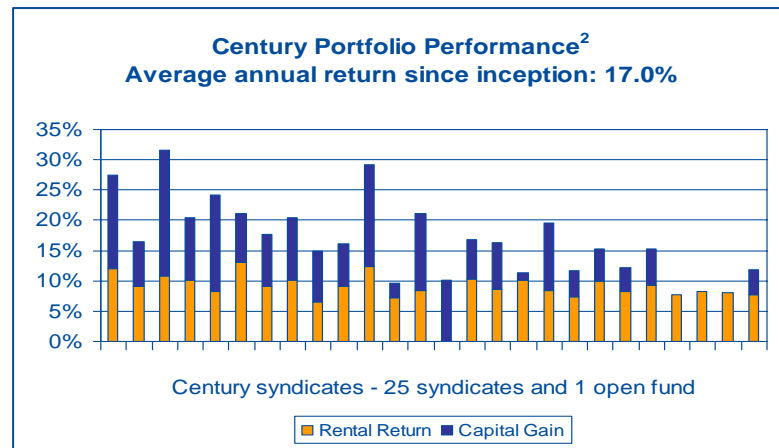
Property funds management

Property funds management – growth and diversification in FUM



Strong returns profile for Century funds.....

...has led to strong growth in investment holdings



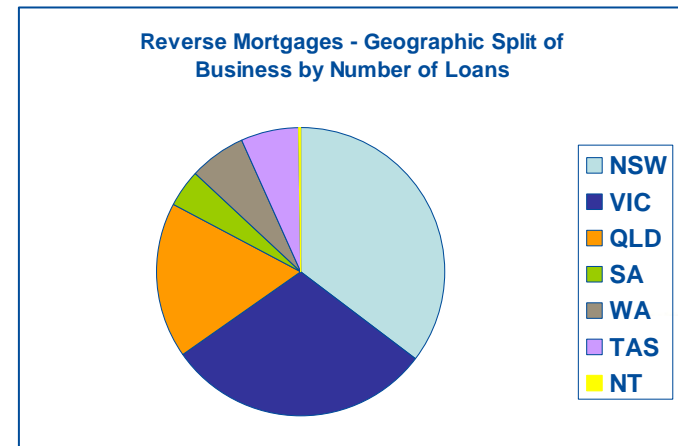
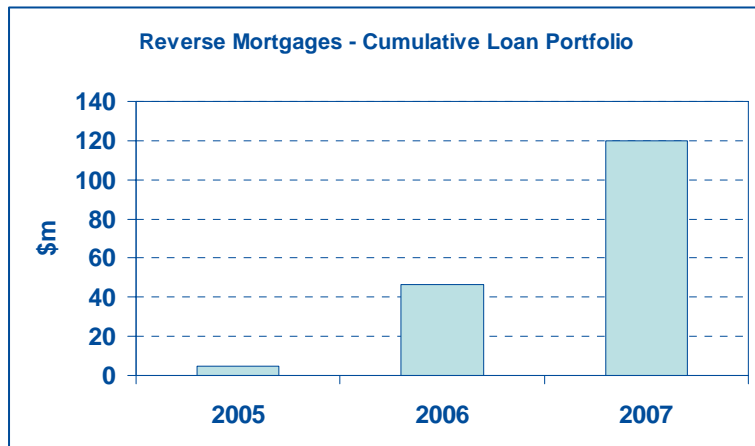
1. Property held in funds, excluding property held on balance sheet
 2. Includes both realised and unrealised gains for each syndicate since inception to closure or 30 June 2007

Property funds management

- Acquisition of Century Funds Management in July 2006. Senior management of Century have remained with OFG and assumed responsibility for all OFG property activities
- Acquisitions totaling \$87.4 million in FY07:
 - + 1 Richmond Road, Keswick, SA for \$20.9 million for Century Balanced Fund No 1
 - acquisition yield of $\approx 8.4\%$
 - quality building with upgrade/refurbishment potential
 - large site with the potential for development
 - + 9 Help Street, Chatswood, NSW for \$38.2 million for Century Balanced Fund No 1
 - high quality building in improving Chatswood office market
 - attractive acquisition yield of $\approx 8.1\%$
 - + 356 Manns Road, Gosford, NSW for \$28.7 million, to create the new Century Opportunity Fund No 1
 - bulky goods complex in strategic high growth location
 - utilisation of Century expertise to address historic lease/management issues
- Sale of 2 Butler Road, Hurstville, generating a 25% capital gain upon disposal and 14.7% return pa for investors
- Creation of Century Opportunity Fund No 2 from stapling of 2 existing Century syndicates
- Moonah Links (Vic) and Chisholm Shopping Centre (ACT) retained on balance sheet

Reverse mortgages

- Strong growth in the number of accredited introducers resulting in the creation of a broad national distribution footprint
- Wholesale funding agreement established with a leading bank, facilitating redeployment of internal cash reserves
- Pilot distribution program launched with ANZ in December 2006. This white label arrangement combines OFG's award winning product and efficient management systems and processes with ANZ's customer distribution network
- In April 2007, the reverse mortgage loan book exceeded \$100 million of loans written. By year end the loan book had increased 158% over the previous corresponding year
- The sales and distribution team was restructured during the year, with team rebuilding well underway. Despite the restructure, the volume of loan applications increased by 62% year on year
- Notwithstanding intense competition, Over Fifty Group brand continues to appeal to borrowers and distribution partners



Friendly Society

- The design and sale of investment bonds was the foundation on which the business was built and remains an important part of our business today
- Provides potential opportunity to cross sell broader product range to approximately 30,000 investors
- The level of funds managed and administered within the friendly society business remained flat in 2007 – with a net \$47 million decline in investment bond FUM offset by a net \$38 million increase in the funds under administration in relation to prepaid funeral policies
- Remains a strong cash generative business, facilitating reinvestment into newer growth platforms

Outlook for 2008

Property funds management

- Proposed launch of a diversified bulky goods retail trust
- Establishment of further opportunity funds – allowing investors to participate in the value creation associated with asset repositioning
- Continue to examine opportunities to broaden our property funds management operations

Reverse mortgages

- Focus on increasing market share by continuing to foster strong relationships with third party referral providers
- We expect further substantial growth in the loan book during 2008, but higher interest rate environment and global market uncertainties may have some impact on loan volume growth in the first half
- We expect a movement into profit in 2009

Friendly society

- Mature profitable business with over 30,000 investors
- Will continue to manage operating costs so as to maximise earnings contribution
- Potential for cross-marketing of other OFG products

Other

- Commercial Mortgages business closed with anticipated return of \$27 million of capital over the next 12-15 months for redeployment
- Restructuring during 2007 will provide cost benefits in 2008
- Continue to seek acquisition and partnership opportunities that would assist us in growing our existing activities or provide an entry platform for complementary activities in the broader wealth and funds management industry

Appendices

Under Australian equivalents to International Financial Reporting Standards, Over Fifty Group Limited (OFG) is required to consolidate in its statutory (or reported) accounts the benefit funds of Over Fifty Mutual Friendly Society Limited. As a result, OFG's corporate accounts and the operating performance of the business potentially become obscured.

Accordingly, the tables in the following appendices show a reconciliation of OFG's statutory accounts for the year ended 30 June 2007 to its corporate accounts, by excluding (or backing-out) amounts attributable to the benefit funds of Over Fifty Mutual Friendly Society Limited.

Appendix 1: Profit & Loss for year ended 30 June 2007

	Statutory accounts	Benefit funds	Corporate accounts
	\$m	\$m	\$m
Interest and dividends	84.7	71.9	12.8
Management fees	25.8	-	25.8
Rental income	3.1	-	3.1
Total revenue	113.6	71.9	41.7
Other income	33.3	18.8	14.5
Employee benefits expense	(11.0)	-	(11.0)
Marketing and advertising expenses	(4.1)	-	(4.1)
Corporate expenses	(4.0)	-	(4.0)
Admin and funds management expenses	(4.8)	-	(4.8)
Other expenses	(86.2)	(78.2)	(8.0)
Finance costs	(12.0)	(0.2)	(11.8)
Share of profit in associate	2.5	2.0	0.4
Total profit before tax:	27.3	14.4	13.0
Tax	(19.8)	(14.4)	(5.4)
NPAT	7.6	-	7.6

Appendix 2: Cash flow statement for year ended 30 June 2007

	Statutory accounts	Benefit funds	Corporate accounts
	\$m	\$m	\$m
Cash flows from operating activities			
Interest received	45.0	34.3	10.7
Rent and other income received	61.2	49.7	11.5
Management fees received	25.8	-	25.8
Redemption paid from bonus funds (with DPF)	(99.5)	(99.5)	-
Redemption paid from unit linked funds (no DPF)	(39.0)	(39.0)	-
Applications received by unit linked funds (no DPF)	29.2	29.2	-
Applications received by bonus funds (with DPF)	15.6	15.6	-
Cash paid to suppliers and employees	(57.1)	(16.9)	(40.1)
Income tax paid	(15.2)	(13.5)	(1.7)
Net cash flows from/(used in) operating activities	(34.0)	(40.1)	6.1
Cash flows from investing activities			
Payments for investment properties	(24.1)	-	(24.1)
Purchase of plant and equipment	(0.3)	-	(0.3)
Proceeds from disposal of plant and equipment	0.1	-	0.1
Proceeds from sale of investment property	49.2	-	49.2
Acquisition of subsidiaries net of cash acquired	(26.6)	-	(26.6)
Investment in other financial assets	(49.2)	26.8	(76.1)
Payment for investments in associated entities	(2.6)	-	(2.6)
Net cash flows from/(used in) investing activities	(53.5)	26.8	(80.4)

Appendix 2: Cash flow statement for year ended 30 June 2007 (cont)

	Statutory accounts	Benefit funds	Corporate accounts
	\$m	\$m	\$m
Cash flows from financing activities			
Proceeds from issue of shares	0.3	-	0.3
Loans from/(to) related entities	(1.4)	(0.1)	(1.3)
Proceeds from borrowings	76.3	-	76.3
Repayments of borrowings	(14.0)	-	(14.0)
Dividends and distributions paid	(8.3)	-	(8.3)
Net cash flows from/(used in) financing activities	52.9	(0.1)	53.0
Net increase/(decrease) in cash and cash equivalents	(34.6)	(13.3)	(21.3)
Cash and cash equivalents at the beginning of the period	84.7	49.6	35.1
Cash and cash equivalents at the end of the period	50.2	36.4	13.8

Appendix 3: Balance sheet as at 30 June 2007

	Statutory accounts (\$m)	Benefit funds (\$m)	Corporate accounts (\$m)
Assets:			
Cash and equivalents	50.2	36.4	13.8
Trade and other receivables	18.3	10.3	8.0
Financial assets	570.0	569.9	0.1
Other financial assets	139.9	112.5	27.4
Other current assets	1.7	-	1.7
Total Current Assets	780.1	729.1	51.0
Other financial assets	162.8	43.5	119.3
Investment in associates	28.6	17.6	11.0
Investment properties	35.1	-	35.1
Plant and equipment	0.7	-	0.7
Deferred tax assets	3.2	0.7	2.5
Goodwill	43.3	-	43.3
Total Non-Current Assets	273.7	61.8	211.9
Total Assets	1,053.8	790.9	262.9

Appendix 3: Balance sheet as at 30 June 2007 (cont)

	Statutory accounts (\$m)	Benefit funds (\$m)	Corporate accounts (\$m)
Liabilities:			
Trade and other payables	7.0	0.7	6.3
Income tax payable	5.0	2.6	2.4
Interest bearing liabilities	20.8	-	20.8
Provisions	0.5	-	0.5
Derivative financial instruments	1.2	-	1.2
Policyholders funds	785.2	785.2	-
Total Current Liabilities	819.7	788.5	31.2
Interest bearing liabilities	125.5	-	125.5
Provisions	0.1	-	0.1
Deferred tax liabilities	3.8	2.4	1.4
Total Non-Current Liabilities	129.4	2.4	127.0
Total Liabilities	949.1	790.9	158.2
Net Assets	104.7	-	104.7
Equity:			
Issued capital	87.8	-	87.8
Reserves	(0.5)	-	(0.5)
Retained earnings	17.4	-	17.4
Total Equity	104.7	-	104.7

Disclaimer

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