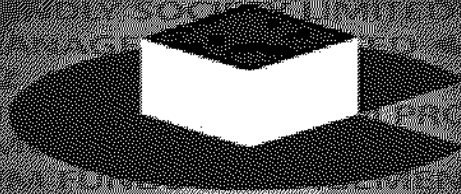


 OFM INVESTMENT GROUP LIMITED



OFM

2004 Annual Results Presentation
OFM INVESTMENT GROUP LIMITED
Mr Rick Curtis - Chief Executive Officer

Performance Highlights 2004

- Net profit after tax of \$9.39 million was 32.01% higher than the previous financial year and above forecast of \$9.11 million.
- Half year dividend of 5 cents per share 90% franked.
- Final dividend for the six months ending 30 June 2004 of 6 cents per share fully franked.
- Total dividend for the year was 11 cents per share franked to 95.45%.
- Dividend Yield of 5.18%.
- Equity raising of 3,444,000 shares @ \$2.00 each.



Operational Highlights

- Transition of external administration to FinancialBPO
- AFS licenses
- Three van Eyk Blueprint Investment Bonds
- OFM Direct Property Trust No.1
- Bringing call centre back in-house
- Development of reverse mortgage products
- Seeding of Mortgage Income Trust



Performance Summary

	2003 \$'000	2004 \$'000	Change %
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	9,664	35.92
Outside equity interests	-	(278)	-
Net profit after tax	7,110	9,386	32.01
Earnings per share	17.5	19.2	9.71
Dividends per share	11c	11c	-
Dividend franking percentage	100%	95.45%	-4.55
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
Share price at year end	\$1.94	\$2.12	9.28
Tax rate	14.3%	18.0%	25.98
Funds under management	1,043m	1,089m	4.41



Key Profit Before Tax Change Drivers 2004

■ Revenue

- Interest received up by \$0.8 m (36.18%)
- Friendly Society management fees up by \$0.7 m (4.95%)
- Rental income up by \$4.1 m (96.22%)
- Profit on issue of units in Property Trust \$1.5 m
- Mortgage and property fee income up by \$2.1 m (75.71%)

■ Expenses

- Staffing costs up by \$1.0 m (47.24%)
- Admin/funds mgt/finance expenses up by \$1.1 m (14.65%)
(GST not recovered on most expenses, up-front & trailing comm)
- Corporate legal & consultant expenses up by \$1.1 m (54.55%)
- Real estate expenses up by \$1.1 m (99.20%)
- Borrowing costs up by \$1.4 m (120.45%)



EBITDA

Divisional EBITDA			
	2003 \$'000	2004 \$'000	Change %
Friendly Societies	3,802	4,678	23.04
Property	3,247	4,827	48.66
Mortgages	423	1,013	139.48
Insurance Agency	621	459	-26.09
Investments	-904	275	130.42
Total	7,189	11,252	56.52



Balance Sheet Snapshot

	2003 \$'000	2004 \$'000	% Change
Current Assets			
Cash	34,814	59,983	72.30
Mortgages	5,812	8,571	47.47
Other	2,889	2,388	-17.34
Non-Current Assets			
Investment Properties	72,657	72,821	0.23
Mortgages	1,948	2,499	28.29
Other	454	1,258	177.09
TOTAL ASSETS	118,574	147,520	24.41
Current Liabilities			
Other	4,606	4,331	-5.97
Non-Current Liabilities			
Bank loan	41,500	41,500	-
Other	687	199	-71.03
TOTAL LIABILITIES	46,793	46,030	-1.63
NET ASSETS	71,781	101,490	41.39



Balance Sheet Snapshot cont.

	2003 \$'000	2004 \$'000	% Change
Equity			
Contributed equity	61,868	69,936	13.04
Retained profits	9,913	14,338	44.64
Outside equity interest	-	17,216	
TOTAL EQUITY	71,781	101,490	41.39
NTA per share	\$1.54	\$1.99	29.22
NTA excl outside equity interest	\$1.54	\$1.65	7.63

Key Balance Sheet Change Drivers 2004

- Sale of units in Property Trust - \$17 million increase in cash
- Increased in retained profits - \$4.4 million
- Shares issued via Share Purchase Plan - \$6.6 million in cash



Forecast Outlook in 2005

- Reduced profitability to 2003 range due to need to invest in new products.
- Intend to maintain 2004 dividend returns by increasing pay-out ratio.
- Likely similar franking position as in 2004. After deducting 2004 final dividend, opening balance of franking credits will be \$735k.
- Continued scarcity of investment properties will restrict growth in property funds management business.
- Currently limited opportunities for acquisition of other funds management businesses at sensible prices
- No immediate plans for capital management initiatives, but to be reviewed in second half of the year.
- Portion of cash reserves intended to be used to seed cash enhanced and high yield funds.



Forecast Profit Drivers and Impacts in 2005

Overall forecast is for flat revenue, but higher expenses and lower profit due to:

- Reverse Mortgages start up losses – new staff, legal and other external establishment costs that cannot be capitalised (-\$1.3m)
- Lower rental income as Property Trust No. 1 sold down without immediate replacement properties - so capital earning lower rate of return (-\$1.0m)
- Full year of new business development and marketing staff (-\$1.3m)
- Lower borrowing costs (+\$0.8m)

Other features:

- Completion of sale of units in Property Trust No. 1
- Property Trust No. 2 to maintain property fee income
- Continued market scarcity of investment properties for acquisition restricts growth in property funds management
- Mortgage Income Trust to be issued first half



Seniors Equity Release/Reverse Mortgages Business

- Extensive market research indicates strong latent demand in Australia in line with overseas experience.
- The market is still in its infancy and is currently characterised by the presence of two major lenders and two smaller lenders offering reverse mortgages. Requires specialist skills.
- Provides opportunity for OFM to initially sell direct, outside of “regulated” market controlled by financial planners.
- Initial demand is expected to come from asset rich/cash poor seniors, then evolving as a true wealth management product.
- First product is to be launched at end of October 2004 in Melbourne and Sydney only. Focus in 2005 is on establishing infrastructure and bedding down internal procedures before moving to national rollout in 2006. Forecast sales range in 2005 is \$15m - \$30m.



At a Strategic Level We Are Looking To Continue To:

- Leverage existing client base and relationship with ageing cohort with a strong focus on post retirement products
- Concentrate on product design and manufacture rather than vertical integration
- Look for acquisitions in the financial services, property and/or the seniors arenas
- 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
- Strike a balance between short term profitability and the need to fund investment in new businesses

