VIA ELECTRONIC LODGEMENT

25 August 2005

Australian Stock Exchange
Company Announcements Platform

Preliminary Final Report – Appendix 4E

Attached are OFM Investment Group's Preliminary Final Report (Appendix 4E); Financial Report for the year ended 30 June 2005 and auditor's report on the Financial Report.

CATHERINE JONES
COMPANY SECRETARY

OFM Investment Group Limited ABN 22 095 454 336
Level 16, 379 Collins Street Melbourne Vic 3000 GPO Box 695 Melbourne Vic 3001
Telephone (03) 9616 6500 Facsimile (03) 9629 3397 www.ofmig.com.au

Appendix 4E

Preliminary final report

OFM INVESTMENT GROUP LIMITED

ABN: 22 095 454 336

1 **Reporting period: 1st July 2004 to 30th June 2005**

Previous period: 1st July 2003 to 30th June 2004

		$'000	% change from previous period
2.1	Revenue from ordinary activities.	31,765	-2.67%
2.2	Profit (loss) from ordinary activities after tax attributable to members.	7,222	-23.06%
2.3	Net profit (loss) for the period attributable to members.	7,222	-23.06%
2.4	Interim dividend:		
	Amount per security (cents)		5.0 cents
	Franked amount per security (cents)		1 cent
	Final dividend:		
	Amount per security (cents)		6.0 cents
	Franked amount per security (cents)		6.0 cents
2.5	Interim dividend:		
	Record date for determining entitlements to the dividend		09-Mar-05
	Final dividend:		
	Record date for determining entitlements to the dividend		08-Sep-05

2.6 (i) The decrease in revenue from ordinary activities was a combination of; a reduction in the lease rental income with OFM Direct Property Trust No.1 de-consolidated at 31 December 2004, reduced property syndication income, and these were partly offset by increased mortgage fee income and a share of underwriting profit through the insurance agency.

(ii) The profit from ordinary activities after tax attributable to members and net profit attributable to members, decreased over the prior year due to the start-up costs associated with investing in new equity release products (reverse mortgages), lower property rental income after the syndication of the OFM Direct Property Trust and increased personnel costs throughout the other business units as they were only in their infant stages in the prior year.

3 For a Statement of Financial Performance together with notes to the statement, see the financial report.

4 For a Statement of Financial Position together with notes to the statement, see the financial report.

5 For a Statement of Cash Flows together with notes to the statement, see the financial report.

6 Interim dividend:

Date dividend paid	01-Apr-05
Amount per security of foreign sourced dividend	0.00

Final dividend:

Date dividend payable	07-Oct-05
Amount per security of foreign sourced dividend	0.00

7 A Dividend Reinvestment Plan ("Plan") has been in operation since the Company listed on the ASX on 26 March 2002.

A copy of the Plan Rules is available on the Company's website or from our share registry at ASX Perpetual Registrars Limited.

Last date for receipt of an election notice for participation in the dividend reinvestment plan. 08-Sep-05

8 For a statement of retained earnings showing movements see the notes to the accounts.

9 Net tangible assets backing:

	2005	2004
Number of Ordinary Shares	51,679,896	50,928,272
Net tangible assets ($000's)	87,429	84,364
Net tangible assets per security.	1.69	1.66

10 Details of entities over which control has been gained during the period:

OFM Direct Property Trust No.2 "Dominion" ABN 69 485 753 216
Date of the gain of control - 1st July 2005 (upon issue of units)

The trust's contribution to the reporting entity's result to date for the year ended 30 June 2005 was $275,114.

OFM Direct Property Trust No. 3 "Chisholm" ABN 87 553 144 809
Date of the gain of control - 6th September 2004 (upon issue of units)
The trust's contribution to the reporting entity's result to date for the year ended 30 June 2005 was $120,945

Details of entities over which control has been lost during the period:
OFM Direct Property Trust ABN 74 508 458 282
Date of the loss of control - 31 December 2004 (upon sale of final units)

11 There were no associates or joint venture entities.

12 Any other significant information needed to make an informed assessment of the entity's financial performance and financial position are included elsewhere in this appendix 4E or the attached financial report.

13 OFM Investment Group Limited is not a foreign entity nor are any of the controlled entities.

14.1 Earnings per security (EPS)

Basic EPS	2005	2004
Net Profit ($A'000)	7,222	9,386
Number of Potential Ordinary Shares	0	0
Weighted average number of Ordinary Shares	51,316,210	48,806,316
Basic EPS (cents)	$0.141	$0.192

There are no dilution aspects.

There has been no conversion to, calling of, or subscription for ordinary shares between the reporting date and the time of completion of the financial report.

There has been no issue of potential ordinary shares between the reporting date and the time of completion of the financial report.

14.2 Returns to shareholders:

Distributions	nil
Buy Backs	nil
Dividends	See above

14.3 The Consolidated Entity recorded a net profit after tax of $7.22 million in 2004/2005 which was a reduction of 23.11% over the 2003/04 result of $9.39 million but which was above the forecast of $7.0 million provided at the 2004 AGM. This profit target was set with the intention of maintaining the same dividend payment as the 2004 year, whilst still investing in new businesses.

The main sources of net profit were, the Over 50s Mutual Friendly Society ("Friendly Society") $5.4 million (2004: $5.1 million) and the Property Division $1.1 million (2004: $1.53 million). All other entities achieved their expected results for the year.

The major costs of the Group were incurred by the Friendly Society and the Property Division. They vary in accordance with the level of funds under management. In addition, staffing levels have increased from 29 in June 2004 to 42 in June 2005 thus, employee related expenses have increased accordingly. There were no major unexpected expenses incurred during the year.

14.4 The results of segments that are significant to an understanding of the business as a whole are included in the attached Financial Report, Note 20 - Segment Reporting.

14.5 The Directors expect that the 2006 financial year will continue to be a period of investment in developing new businesses. Net profit is expected to improve marginally, but at the same time it is planned to significantly increase the marketing expenditure of the Group to promote new products developed. The consolidated entity will strive to build on the ground work already done to become a major player in the reverse mortgage products area. The costs associated with these initiatives will impact on short-term profitability however, these initiatives are expected to increase the level of funds and assets under management of the consolidated entity and make a positive impact on the consolidated entity's profitability in the following years. Further acquisitions and joint ventures in respect of funds management and financial products in Australia and New Zealand are also expected.

The trust which was established on the demutualisation of the Over 50s Mutual Friendly Society to hold shares belonging to "lost" members, is due to terminate in the first quarter of the 2006/07 year. The directors will determine how best to deal with the assets of the trust in the best interests of OFM shareholders.

14.6 Any potential impacts on the future financial reports of OFM in adopting the Australian equivalent of International Financial Reporting Standards are included in note 25 in the attached financial report.

Apart from the above, there are no other factors which have affected the results in the period or, which are likely to affect results in the future, including those where the effect could not be quantified other than those highlighted above, or in the attached financial report.

15 This report is based on accounts which have been audited. A copy of the audit report is in the attached financial report.

16 N/A - the accounts have been audited.

17 The accounts have been audited and are not subject to qualification.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES

A.B.N. 22 095 454 336

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2005

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

The Directors of OFM Investment Group Limited ("the Company") submit the following report in respect of the year ended 30 June 2005.

DIRECTORS

The Directors of the Company in office during or since the end of the financial year are:

M.G. Chessell OAM, LL.B, (Chairman) Aged 61 years.

Chairman of Over 50s Mutual Friendly Society Limited; Partner, Chessell Williams Lawyers; Director of private companies involved in investment, mortgage management, superannuation and retirement villages.

W.J. Forster B.Sc., ARICS, Aged 57 years.

Director of Over 50s Mutual Friendly Society Limited; Chairman of Kane Constructions Pty Ltd; Past President of the Master Builders Association of Victoria; Past State and National President of the Retirement Village Association; Director of the Redundancy Central Fund Ltd and a number of other private companies involved in construction, property investment and retirement villages.

M.G. Grant BVSc, MBA, FAICD, Aged 53 years.

Director of Over 50s Mutual Friendly Society Limited; Executive Director of Chemvet Australia Pty Ltd; Holds or has held senior positions with various companies and organisations within veterinary, pharmaceutical, rural and water industries; Former Director of Mutual Friendly Society from 22 March 1999 until the merger with Over 50s Mutual Friendly Society Limited.

M.A. Gray AM, BComm, DDA, FREI, FAPI, FAICD, Aged 65 years.

Director of Over 50s Mutual Friendly Society Limited; Executive Director of Gray & Johnson, real estate agents; Director of Bennelong Group; Chairman of Sportsbrand Media Pty Ltd; Director of Diabetes Australia Research Trust; Former Chairman of the Australian Cricket Board; Former President of the International Cricket Council; Former Director and Deputy Chairman of the Bank of Melbourne from 1989 until 1999; Former Director of Mutual Friendly Society Limited from 18 April 1988 until the merger with Over 50s Mutual Friendly Society Limited.

R.R. Officer BAgSc (Melb.), MAgEc (NE), MBA, PhD (Chicago), FASSA, Aged 64 years.

Director of Over 50s Mutual Friendly Society Limited; Emeritus Professor University of Melbourne; Chairman of Victorian Funds Management Corporation; Board Member Victorian WorkCover Authority; Chairman of Acorn Capital Limited; Deputy Chair of Tactical Global Management Ltd; Director of Colonial Foundation Limited; Trustee of Buckland Foundation; Director of Babcock and Brown Direct Investment Fund Limited.

Unless indicated otherwise, all the Directors held their positions as a Director throughout the financial year and up to the date of this report. Where Directors have resigned during the period their details are correct to the date of resignation.

The name and particulars of Directors of the Company who resigned during the financial year and up to the date of this report are:

A.R. Nimmo FAIBF, FAICD, Aged 73 years. (Resigned 29 June 2005)

Director of Over 50s Mutual Friendly Society Limited; Chairman of Trustees of Equip Superannuation Fund and was a Director of Bank of Melbourne from 1989 until 1998 and previously a senior executive with the Commonwealth Bank of Australia; Former Director of Mutual Friendly Society Limited from 28 August 1998 until the merger with Over 50s Mutual Friendly Society Limited and was Chairman of Directors of Mutual.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

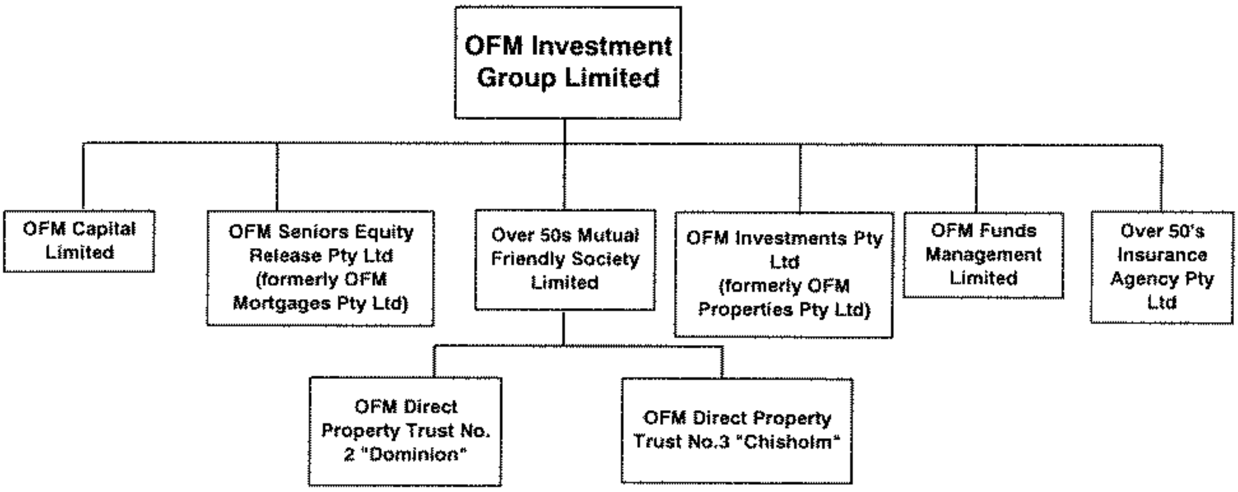
COMPANY SECRETARY

Catherine Jones LLB, Solicitor

Catherine Jones has been the company secretary of OFM Investment Group Limited since March 2003. Prior to holding this position she held the role of Head of Legal & Compliance at HSBC Asset Management Australia. She has a Bachelor of Law degree from Southampton University and practised as a solicitor in England for 9 years before coming to Australia.

CORPORATE STRUCTURE

OFM Investment Group Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure. All entities are 100% owned unless otherwise stated.



PRINCIPAL ACTIVITIES

The principal activities of OFM Investment Group Limited ("OFM") as the parent entity, and of its controlled entities during the year, were the marketing and management of investment products (including Friendly Society Investment Bonds), health and general insurance through agency arrangements, mortgage lending and management, property investment, and management of The Over 50s Guardian Friendly Society Limited.

There were no significant changes in the activities of the consolidated entity during the year.

RESULTS

The consolidated profit from ordinary activities for the year was \$7.22 million (2004: \$9.39 million) after providing for income tax expense of \$1.02 million (2004 : \$2.07 million).

DIVIDENDS

A fully franked final dividend of 6 cents per share (totalling \$3,055,696) was declared in September 2004 and paid in October 2004 and a 20% franked interim dividend of 5 cents per share (totalling \$2,567,422) was declared in February 2005 and paid in April 2005.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REVIEW OF OPERATIONS

Funds under management of OFM were maintained during the year at $1.082 billion (2004: $1.089 billion). With the strategies now in place and an increased presence in the market place through distribution channels, it is expected that we will see net gains over the ensuing years.

The main source of profitability was again from Over 50s Mutual Friendly Society ("Over 50s") with the other subsidiaries attaining their anticipated returns. There were no major unexpected expenses incurred during the year.

The consolidated OFM entities achieved a net profit of $7.22 million for the year, exceeding the forecast of $7.1 million provided at the 2004 AGM. This profit target was set with the intention of maintaining the same dividend payment as the 2004 year, whilst still investing in new businesses.

The reduction in profit from the previous year was primarily due to the start-up costs associated with investing in new equity release products (reverse mortgages), lower property rental income after the syndication of the OFM Direct Property Trust and increased personnel costs associated with the development of the other business units.

Our first Commercial Mortgage Trust and Senior Home Equity Release Loans (SHERL) business were both launched in October 2004. The primary focus during the year in developing the SHERL business was to establish new third party distribution relationships and then accrediting key financial intermediaries so as to enable us to become a major provider of reverse mortgage products. These distribution channels will now provide the basis to significantly increase sales of SHERL products going forward.

OFM continued to seek properties to acquire either for its property funds management business or for potential on-sale where additional value can be added through OFM's property expertise. However the market for suitable investment grade properties remained very tight, with prices often above what we would consider fair value. The following property acquisitions occurred during the year:

- In July 2004 OFM purchased an office building at 533 Little Lonsdale Street Melbourne for $15.45 million. This property is geared to 60% by a non-recourse bank bill facility. After extending a number of the tenant lease terms, in June 2005 OFM signed a put and call option to sell this building. Settlement of the sale is expected to take place on 6 September 2005 with OFM anticipated to crystallise a net profit of approximately $1.3 million in the 2006 financial year.

- In September 2004 OFM exchanged contracts to purchase the Chisholm Shopping Centre in the Australian Capital Territory for $13.5 million and settlement took place in November 2004. This property is also geared to 60% by a non-recourse bank bill facility. The Centre is anchored by a Coles supermarket and OFM are currently negotiating an enlargement of the supermarket and a new liquor store with representatives of Coles Myer Ltd.

- In June 2005 OFM exchanged contracts and settled the purchase of 333 Exhibition Street Melbourne for $34.1 million. It is proposed to add value to the property by addressing the lease profile and to then consider further subdivision and sale, or syndication of part or all of the property.

As a result of the successful sell down of units in OFM Direct Property Trust ("OFMDPT No.1") as at December 2004, the Trust was no longer a controlled entity and the property investments and other assets of OFMDPT No.1 are therefore, not included in the consolidated balance sheet as at 30 June 2005.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REVIEW OF OPERATIONS (Cont'd)

OFM has continued to look at strategic acquisition opportunities in the financial services, property and seniors markets in Australia and New Zealand. After extended discussions and negotiations during the year, OFM concluded the acquisition in July 2005, of a 50% shareholding in Mortgageport Management Pty Limited, which has $1.08 billion of loan assets under management. OFM have the right to acquire the balance of the shareholding in Mortgageport in 2008. Mortgageport distributes its finance products predominately through accounting firms and financial planners. This acquisition is expected to provide OFM with a significant distribution channel for the on-going development of our stable of financial products and the introduction of new finance products.

Further comments on the operations of the consolidated entity during the financial year and of the results of its activities are set out elsewhere in the Annual Report.

DIRECTORS' MEETINGS

The number of meetings of Directors and of other committees held in the period each Director was in office during the financial year and the number of meetings attended by each Director were:

	Board of Directors		Audit, Risk Management & Compliance Committee		Lending & Investment Committee		Nomination & Remuneration Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
M.G. Chessell	14	14	5	5	16	15	2	2
W.J. Forster	14	12	3	2	16	13	1	1
M.G. Grant	14	12	2	1	16	15	1	1
M.A. Gray	14	12	2	2	16	15	2	2
A.R. Nimmo*	14	13	5	5	7	5	2	2
R.R. Officer	14	14	5	5	7	6	1	1

* A.R. Nimmo resigned 29 June 2005

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in the Annual Report or the consolidated entity's financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

After extending a number of the tenant lease terms on the property investment located at 533 Little Lonsdale Street, in June 2005, OFM signed a put and call option to sell this building to Austgrowth Property Syndicates. In late July 2005 Austgrowth exercised that option. Settlement is expected to take place on 6 September 2005 and OFM is expected to crystallise a net profit of around $1.3 million in the 2006 financial year.

The Group has contracted to purchase a 50% interest in Mortgageport Management Pty Ltd. The purchase is structured into two payments with the first instalment of $3.331 million being paid at settlement in August 2005, and the second instalment payable in 2006. OFM also has the option to acquire the remaining 50% shareholding in three years time.

Apart from the above, since the end of the financial year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

LIKELY DEVELOPMENTS

The Directors expect that the 2006 financial year will continue to be a period of investment in developing new businesses. Net profit is expected to improve marginally, but at the same time it is planned to significantly increase the marketing expenditure of the Group to promote new products developed. The consolidated entity will strive to build on the ground work already done to become a major player in the reverse mortgage products area. The costs associated with these initiatives will impact on short-term profitability however, these initiatives are expected to increase the level of funds and assets under management of the consolidated entity and make a positive impact on the consolidated entity's profitability in the following years. Further acquisitions and joint ventures in respect of funds management and financial products in Australia and New Zealand are also expected.

The trust which was established on the demutualisation of the Over 50s Mutual Friendly Society to hold shares belonging to "lost" members, is due to terminate in the first quarter of the 2006/07 year. The directors will determine how best to deal with the assets of the trust in the best interests of OFM shareholders.

DIRECTORS' INTERESTS

Directors	No. of Ordinary Shares
M.G. Chessell	68,848
W.J. Forster	71,687
M.G. Grant	37,579
M.A. Gray	22,349
A.R. Nimmo	2,059
R.R. Officer	2,107

Details of Directors' interests in benefit funds of the Over 50s Mutual Friendly Society Limited as at 30 June 2005, are as follows:

	Name of Fund	Amount of Investment $
M.G. Chessell	OFM Income Accumulation Bond Fund	10,161
	Australian Property & Mortgage Fund	2,025
	OFM Capital Guaranteed Bond Fund	3,179
W.J. Forster	OFM Growth Bond Fund	6,870
M.G. Grant	OFM Income Accumulation Bond Fund	5,971
M.A. Gray	OFM Income Accumulation Bond Fund	85,396
A.R. Nimmo	OFM Income Accumulation Bond Fund	596

INDEMNIFICATION AND INSURANCE OF OFFICERS

OFM Investment Group Limited ("OFM") has agreed to indemnify all current and former Directors and Executive Officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or Executive Officer unless the liability relates to conduct involving a lack of good faith. OFM has agreed to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

The Directors have not included details of the nature of the liabilities covered or the amount of premium paid in respect of the Directors' and Officers' Liability and Legal Expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of OFM Investment Group Limited ("the Company").

Remuneration Philosophy

OFM recognises the important role people play in the achievement of its long-term objectives and as a key source of competitive advantage. To grow and be successful, OFM must be able to attract, motivate and retain capable individuals.

To this end, the company embodies the following principles in its remuneration framework:

- Competitive rewards are provided to attract and retain executive talent;
- Remuneration is linked to performance so that higher levels of performance attract higher rewards;
- Rewards to all staff but particularly executives are linked to the creation of value to shareholders;
- The criteria used to assess and reward staff include financial and non-financial measures of performance;
- The overall cost of remuneration is managed and linked to the ability of the company to pay, and
- Severance payments due to the CEO on termination are limited to pre-established contractual arrangements which do not commit the Group to making any unjustified payments in the event of non-performance.

Remuneration Policy

The Nomination and Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Chief Executive Officer. The committee assesses the appropriateness of the nature and amount of Directors' emoluments on a periodic basis so that they are consistent with current corporate and industry standards, they fairly reimburse Directors for services provided and to ensure they are sufficient to attract Directors with the appropriate skills. The same assessment is made in relation to executives' emoluments to ensure they are consistent with current corporate and industry standards, sufficient to attract executives with appropriate skills and structured so as to provide strong motivation to perform well. Further details on the remuneration of directors and executives are also provided in note 24 to the financial report.

Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

REMUNERATION REPORT (Cont'd)

Variable remuneration

Under OFM's Senior Management Remuneration Policy, long and short term performance incentives may be made under the Group's bonus plans.

Short-term incentives
Short term incentives are paid by way of bonus in either cash and/or shares, subject to satisfying performance hurdles set by the Board. The method of payment of the bonus is determined on an annual basis having regard to the profitability, capital management and other objectives of the Company.

Long-term incentives
Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price, and the time to maturity of the options. This valuation has been discounted to reflect the probability of achieving the performance hurdles.

Emoluments of Directors and Executives of OFM Investment Group Limited

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the five named Company executives who receive the highest remuneration are:

Table 1: Emoluments of the directors of the Company and the consolidated entity for the year ended 30 June 2005:

Annual Emoluments

Directors	Fee	Other	Super-annuation	Directors Retirement Fund	Termination Payments	Totals
	$	$	$	$	$	$
M.G. Chessell	100,000	4,464	9,000	25,659	-	139,123
W.J. Forster	52,500	-	4,726	14,448	-	71,674
M.G. Grant	55,500	-	4,996	15,170	-	75,666
M.A. Gray	51,000	-	4,591	13,892	-	69,483
A.R. Nimmo *	54,250	-	-	20,087	-	74,337
R.R. Officer	49,500	-	3,915	-	-	53,415
Total	362,750	4,464	27,228	89,256	-	483,698

*A.R. Nimmo retired 29th June 2005, he received a payment of $120,334 being the total of amounts previously accrued and disclosed under the heading "Retirement Fund".

REMUNERATION REPORT (Cont'd)

Table 2: Emoluments of the five most highly paid Executive Officers of the Company and the consolidated entity for the year ended 30 June 2005:

	Annual Emoluments				Long Term Emoluments		
Executives	**Base Salary**	**Termination payment**	**Bonus**	**Super-annuation**	**Options Granted***		**Total**
	$	$	$	$	Number	$	$
R. Curtis	281,584	-	-	22,880		31,862	336,326
CEO					771,428		
C. Jones	182,727	-	-	16,248	-	-	198,975
Company Secretary							
C. Martin	172,018	-	85,000	15,482	-	-	272,500
Head - Retirement Markets							
A. Ongarello	177,186	-	-	15,545	-	-	192,731
General Manager - Property							
S. Thomson	171,347	-	-	16,541	-	-	187,888
General Manager - Friendly Societies							
Total	984,862	-	85,000	86,696	771,428	31,862	1,188,420

* Options granted as part of remuneration have been valued using the Black-Scholes option pricing model, which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price, and the time to maturity of the options. This valuation has been discounted to reflect the probability of achieving the performance hurdles.

Employment contracts

The CEO, Mr Curtis, is employed under contract. The current employment contract commenced on 29 July 2002 and terminates on 29 July 2007, at which time OFM may chose to commence negotiations to enter into a new employment contract with Mr Curtis. Under the present contract:

- Mr Curtis may resign from his position and thus terminate this contract by giving 6 months written notice.
- OFM may terminate this employment contract by providing 6 months written notice or provide payment in lieu of the notice period.
- OFM may terminate the employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs the CEO is only entitled to remuneration up to the date of termination.

REMUNERATION REPORT (Cont'd)

Unissued shares

As at the date of this report there were 771,428 unissued ordinary shares under options. Refer to note 14 of the financial report and above for further details of the options outstanding.

Pursuant to an Executive Option Agreement, OFM Investment Group Limited ("OFM") has granted to the Chief Executive Officer ("CEO") options over a total of 771,428 ordinary shares of OFM. The options were granted on 24 August 2002, are for a period of five years and are exercisable progressively beginning on the second anniversary of the date of grant. The strike price of $1.75 was the weighted average OFM share price over the five trading days prior to the grant date of 24 August 2002.

The options granted are in two equal tranches, each with separate annual performance hurdles that must be met for the vesting to take place. The first tranche is subject to the attainment of compound EPS (earnings per share) growth for OFM of not less than 10% per annum and the second is subject to the percentage increase in TSR (total shareholder return) for OFM equalling or exceeding the percentage increase in the S&P/ASX Financials ex Property Trust Accumulation Index for the same period. The amount of the vesting of the total options granted at each exercise date is, 24 August 2004 - 15%, 24 August 2005 - 25%, 24 August 2006 - 30% and 24 August 2007 - 30%.

The options that vested on 24 August 2004 met both the annual performance hurdles but the options have not been exercised as at the date of this report.

These hurdles were not met in the current financial year for the options vesting on 25 August 2005. As the hurdles allow averaging over a three year period it is still possible that they will be met over this longer term. Following a conservative approach management has used a 75% probability of achieving the hurdles in the Black-Scholes option pricing model.

Table 3: Share Options Granted as part of remuneration for the year ended 30 June 2005 (in accordance with the LTI plan)

	Number of options	Grant Date	Vesting Date	Expiry Date	Weighted average exercise price
R.F. Curtis	115,714	24-Aug-02	24-Aug-04	24-Aug-08	1.75
R.F. Curtis	192,857	24-Aug-02	25-Aug-05	24-Aug-08	1.75
R.F. Curtis	231,428	24-Aug-02	26-Aug-06	24-Aug-08	1.75
R.F. Curtis	231,428	24-Aug-02	27-Aug-07	24-Aug-08	1.75

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2005

ROUNDING OF AMOUNTS

The parent entity is a company of the kind specified in the Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

CORPORATE GOVERNANCE

The Director's have, in striving to achieve the highest standards of corporate behaviour and accountability, complied with the principles and practices set out in the corporate governance statement contained in the following section of this annual report

AUDITORS INDEPENDENCE DECLARATION

The Directors have obtained a declaration of independence from the consolidated entity's auditors, Ernst & Young, in accordance with section 307C of the Corporations Act 2001, which forms part of this report. A copy of this declaration is attached to this report.

NON- AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit services provided means that auditor independence is not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

- Taxation Services	94,848
- Other Assurance Services	6,860

Signed in accordance with a resolution of the Board of Directors dated 23rd August 2005

M.G. CHESSELL
Chairman

W.J. FORSTER
Director
Chairman - Audit, Risk Management and Compliance Committee

ERNST & YOUNG

120 Collins Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

Auditor's Independence Declaration to the Directors of OFM Investment Group Limited

In relation to our audit of the financial report of OFM Investment Group Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
23 August 2005

Statement of Corporate Governance Practices

This statement sets out the 10 core principles identified by the ASX Corporate Governance Council ("the Council") as underlying good corporate governance, discloses the extent to which OFM Investment Group Limited has complied with the Council's recommendations and provides all Annual Report disclosures required under the Council's recommendations.

A Corporate Governance Statement has been posted on the Corporate Governance page of OFM's website http://www.ofmig.com.au/. This statement provides further detail on OFM's approach to each of the 10 core principles.

OFM has complied with each of the Council's recommendations and the spirit of the guidance to each recommendation throughout the 2004/05 year.

PRINCIPLE 1: Lay Solid Foundations for management and oversight

Recommendation 1.1:
Formalise and disclose the functions reserved to the board and those delegated to management.

The Board has established a Board Charter. The Board Charter is posted on the Corporate Governance page of OFM's website.

The Corporate Governance Statement posted on OFM's website outlines the role of the Board, the CEO and Senior Management.

PRINCIPLE 2: Structure the Board to add value

Recommendation 2.1:
A majority of the board should be independent directors

The Directors' Report in this Annual Report contains details of the directors' skill, experience, education, age and term of office. The Board seeks to consist of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate OFM's business with excellence. The number of directors is limited by OFM's constitution to a minimum of 5 and a maximum of 13. The Board considers that the ideal size is 5 to 8 directors.

Throughout the 2004/05 year OFM had six directors, all of whom are non-executive and have been independent for the entire financial year as per independence criteria set out in the Board Charter. Directors are required to disclose at each Board meeting any interests that may affect their independence. With the retirement of Mr Alex Nimmo on 29 June 2005 the Board consists of the remaining 5 independent directors.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CORPORATE GOVERNANCE PRACTICES
FOR THE YEAR ENDED 30 JUNE 2005

Independence criteria

The OFM Board Charter provides that a director will be deemed an independent director if:

1) They are not a substantial shareholder in any member of the OFM Investment Group or an associated person of a substantial shareholder (a shareholder who holds an interest in more than 5% of the shares on issue);
2) They do not participate in share performance-based plans that include OFM shares or options;
3) They have not had a material relationship with any of the Group companies in the last 5 years. A relationship is considered material if:
    i) The director is an employee of OFMIG or any of its related body corporates;
    ii) A family member of the director is an employee of OFMIG or a related body corporate;
    iii) The director is an executive officer of a related body corporate;
    iv) The director is employed by, or a family member is an executive officer of, or the director or an associate has an interest in, an entity which has material business dealings with the Group (see materiality thresholds);
    v) The director is a principle of a material professional advisor or is a material consultant to the company;
4) They have not served on the board for a period which could reasonably be perceived to interfere with the director's ability to act in the best interests of the company.

The Board has adopted AASB standard 1031 to determine levels of materiality of a business relationship. A business relationship is presumed to be immaterial when it generates less than 5% of gross revenue for the Group and material when it generates 10% or more of gross revenue over a 12 month period. Further, a business relationship with a supplier/service provider is presumed immaterial where the relationship generates less than 5 % of gross revenue of the supplier/service provider and material when it generates more that 10% of the supplier/service provider's gross revenue over a 12 month period.

Selection and appointment of directors

The Board has the option to use either the Nomination and Remuneration Committee or an external consulting firm to identify and approach possible new candidates for directorship. The selection of directors must be approved by the majority of shareholders at the next Annual General Meeting of the Company.

Directors are selected and appointed in accordance with documented procedures which have been posted on the Corporate Governance page of OFM's website.

Independent professional advice

OFM has procedures enabling any director to seek external professional advice as considered necessary, at OFM's expense.

Recommendation 2.2:
The chairperson should be an independent director.

OFM's current chairman is an independent director.

Recommendation 2.3:
The roles of the chairperson and chief executive officer should not be exercised by the same individual.

There is a clear division of responsibility at the head of the company as the roles of chairperson and chief executive officer are not performed by the same person.

A Statement of Position Authority is in place for the CEO which details the CEO's responsibilities and authorities.

Recommendation 2.4:
The Board should establish a nomination committee.

One of the three committees established by the OFM Board is the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of three directors, all of whom are independent. The Director's Report in this Annual Report details the membership of the Nomination and Remuneration Committee and the attendance of members at meetings of that committee

PRINCIPLE 3: Promote ethical and responsible decision-making

Recommendation 3.1:
Establish a code of conduct to guide directors, CEO, CFO and other key executives.

The Board has established a Directors and Employees Code of Conduct. This Code of Conduct takes into account guidance under both recommendations 3.1 and 10.1 of the Council's recommendations and sets the standard by which all directors and employees are to conduct themselves in the course of their duties as well as providing a guide on compliance with legal and other obligations. The Directors and Employee Code of Conduct is posted on the Corporate Governance page of OFM's website.

Recommendation 3.2:
Disclose the policy concerning trading in company securities by directors, officers and employees

The Board has established a policy concerning trading in company securities by directors, officers and employees. This policy is disclosed on the Corporate Governance page of OFM's website.

PRINCIPLE 4: Safeguarding integrity in financial reporting

Recommendation 4.1:
The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The CEO and CFO are required to provide a statement in writing to the Board for both the half-year and full-year financial statements covering the matters set out in Recommendation 4.1.

Recommendation 4.2:
The Board should establish an audit committee

One of the three committees established by the OFM Board is the Audit, Risk Management & Compliance Committee. The Committee meets quarterly with the external and internal auditors of the Group present.

Recommendation 4.3:
Structure the Audit Committee so that it consists of:
- only non-executive directors
- a majority of independent directors
- an independent chairperson, who is not chairperson of the Board
- at least three members

The Audit, Risk Management and Compliance Committee has at all times consisted of three or more directors, all of whom are independent. The Director's Report in the Annual Report details the membership of the Audit, Risk Management and Compliance Committee and the attendance of members at meetings of that committee.

Recommendation 4.4:
The Audit Committee should have a formal charter

The Board has established an Audit, Risk Management & Compliance Committee Charter and this Charter is posted on the Corporate Governance page of OFM's website.

Recommendation 4.5:
Other reportable matters – Procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.

The Board has established procedures relating to the external auditor selection, appointment and lead partner rotation. These procedures are posted on the Corporate Governance page of OFM's website.

PRINCIPLE 5: Make timely and balanced disclosure

Recommendation 5.1:
Establish written policies and procedures designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior level for that compliance

The Board has established written policies and procedures on information disclosure. The Corporate Governance Statement posted on OFM's website provides a summary of OFM's policies and procedures on information disclosure.

PRINCIPLE 6: Respect the rights of shareholders

Recommendation 6.1:
Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings

The Board has established a shareholder communications strategy. The Corporate Governance Statement posted on OFM's website provides a summary of OFM's Shareholder Communications Strategy.

Recommendation 6.2:

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

It is OFM's practice that the external auditor partner be present at the AGM and is available during the course of that meeting to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The external auditor partner was present at OFM's 2004 Annual General Meeting.

PRINCIPLE 7: Recognise and Manage Risk

Recommendation 7.1:
The board or appropriate board committee should establish policies on risk oversight and management.

The Board has established a Risk Management Policy that takes into account guidance under the Council's best practice recommendations and Australian Standard AS/NZS4360 – Risk Management within the Internal Audit Process. This policy is reviewed regularly by Management and by the internal audit function. The Corporate Governance Statement posted on OFM's website provides a summary of OFM's Risk Management Policy.

Recommendation 7.2:

The chief executive officer and chief financial officer should state to the board in writing:

a) the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board

b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The CEO and CFO are required to provide a statement in writing to the Board for both the half-year and full-year financial statements covering the matters set out in Recommendation 7.2.

PRINCIPLE 8: Encourage Enhanced Performance

Recommendation 8.1:
Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

The Board has established a process to review and evaluate its performance and the performance of its committees. A performance evaluation of the Board has been instituted in the 2004/05 year in accordance with this process.

A formal evaluation questionnaire is prepared and circulated to each of the directors for private deliberation. The questionnaire is prepared by the Chairman and involves an assessment of the board's performance of its specific responsibilities, including strategic planning, financial and resource management, performance monitoring, risk management, reporting, and alignment of the collective interests of all stake holders.

The Board as a whole convenes to discuss matters raised in the questionnaire and by the executive. The objective of the discussion is to assess the board's performance as a whole and to identify areas where improvement can be made.

Incorporated into this process is an assessment of the performance of each of the Board Committees.

The role and contribution of the Chair of the Board and of the committees is reviewed by the Board as a whole, and the contribution of each of the individual directors is reviewed by the Chairman.

The performance of the Chief Executive Officer is reviewed periodically by the Board Nomination and Remuneration Committee and the full Board. This assessment is made against pre-determined criteria including Key Performance Indicators relating to the Group's performance as determined in the Group's Strategic Plan.

The assessment of key executives is performed periodically by the CEO in accordance with OFM's performance appraisal procedures and reported to the Board.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CORPORATE GOVERNANCE PRACTICES
FOR THE YEAR ENDED 30 JUNE 2005

PRINCIPLE 9: Remunerate Fairly and Responsibly

Recommendation 9.1:
Provide disclosure in relation to the company's remuneration policies to enable investors to understand:
(i) the costs and benefits of those policies and
(ii) the link between remuneration paid to directors and key executives and corporate performance

The Board has established a Senior Management Remuneration Policy and a Remuneration Policy for non-executive directors. OFM recognises the important role people play in the achievement of its long-term objectives and as a key source of competitive advantage. To grow and be successful, OFM must be able to attract, motivate and retain capable individuals.

The Directors' Report within this Annual Report provides a detailed Remuneration Report which outlines the remuneration arrangements in place for directors and executives of OFM.

Recommendation 9.2:
The board should establish a remuneration committee

One of the three committees established by the OFM Board is the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of three directors, all of whom are independent. The Director's Report in the Annual Report details the membership of the Nomination and Remuneration Committee and the attendance of members at meetings of that committee

Recommendation 9.3:

Clearly distinguish the structure of non-executives directors' remuneration from that of executives

OFM currently has a non-executive board. OFM shall pay non-executive directors fees at a level which is sufficient to attract directors with the appropriate skills, and to fairly reimburse those directors for services provided. Non-executive director's remuneration does not include incentive schemes or performance related payments.

The Directors' Report within this Annual Report provides a detailed Remuneration Report which outlines the remuneration arrangements in place for directors and executives of OFM.

Recommendation 9.4:
Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders

Under OFM's Senior Management Remuneration Policy, long and short term performance incentives may be made under the Group's bonus plans.

OFM shareholders approved a Performance Rights Plan at the 2003 AGM to which the long-term incentives relate. Under this plan, with the Board's approval, employees will be granted rights to receive, in the future, a specified number of ordinary shares. The number of shares to be delivered pursuant to the rights is subject to satisfying performance hurdles to be determined by the Board and time-related vesting conditions.

Short term incentives are paid by way of bonus in either cash and/or shares, subject to satisfying performance hurdles set by the Board. The method of payment of the bonus is determined on an annual basis having regard to the profitability, capital management and other objectives of the Company. The Board of OFM determined that short term incentives for the year ended 30 June 2005 will be paid in cash.

The total number of shares issued under all employee share schemes will not exceed 5% of the total number of issued shares of the Company at any time, as allowed by ASIC Class Order 03/184.

Recommendation 9.5:
Other matters (if applicable) – Disclose the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors.

The current directors participate in a retirement benefit scheme which is intended to compensate directors for significant periods of service. The retirement benefit scheme is not available to any director appointed after 30 June 2004 but continues to be available to current directors. OFM will contribute statutory superannuation for director's appointed post 30 June 2004. Full detail of each director's retirement benefits expensed for the financial year is provided in the Directors' Report of this Annual Report.

PRINCIPLE 10: Recognise the legitimate interests of stakeholders

Recommendation 10.1:
Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders

The Directors and Employee Code of Conduct is posted on the Corporate Governance page of OFM's website.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2005

In accordance with a resolution of the Directors of OFM Investment Group Limited , we state that:

(1) In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005

On behalf of the Board

M.G. CHESSELL
Chairman

W.J. FORSTER
Director
Chairman - Audit, Risk Management and Compliance Committee

Melbourne
23 August 2005

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Revenues from ordinary activities	2	31,765	32,636	16,013	5,755
Expenses from ordinary activities (excluding borrowing costs)	2	20,471	18,340	4,923	3,808
Borrowing costs expense	2	2,007	2,566	-	-
Profit from ordinary activities before income tax expense		**9,287**	**11,730**	**11,090**	**1,947**
Income tax expense relating to ordinary activities	3	1,021	2,066	(155)	592
Profit from ordinary activities after related income tax expense		8,266	9,664	11,245	1,355
Net profit attributable to outside equity interest	27	1,044	278	-	-
Net Profit attributable to members of OFM Investment Group Limited		**7,222**	**9,386**	**11,245**	**1,355**
Share issue costs	15	-	251	-	251
Total Revenues, expenses and valuation adjustment attributable to members and recognised directly in equity		-	251	-	251
Total changes in equity other than those resulting from transactions with owners as owners attributable to members		7,222	9,135	11,245	1,104
Basic earnings per share (cents per share)	4	14.1	19.2		
Diluted earnings per share (cents per share)	4	14.1	19.2		

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash assets	21	28,337	59,983	22,103	45,767
Receivables	5	2,971	1,639	39,262	25,650
Other financial assets	6	30,806	8,619	20,258	12
Property investments	9	50,002	-	-	-
Related party tax receivable	3	5,903	-	5,903	-
Other	7	768	701	258	215
Total Current Assets		118,787	70,942	87,784	71,644
NON-CURRENT ASSETS					
Other financial assets	6	5,835	2,499	8,478	8,478
Property investments	9	14,484	72,821	-	-
Plant and equipment	10	576	764	228	344
Deferred tax assets	3	441	494	289	21
Total Non-Current Assets		21,336	76,578	8,995	8,843
TOTAL ASSETS		140,123	147,520	96,779	80,487
CURRENT LIABILITIES					
Payables	11	2,455	1,974	3,810	286
Tax liabilities	3	5,903	1,777	6,070	722
Interest bearing liabilities	12	35,000	-	-	-
Provisions	13	876	580	675	374
Total Current Liabilities		44,234	4,331	10,555	1,382
NON-CURRENT LIABILITIES					
Interest bearing liabilities	12	8,085	41,500	-	-
Provisions	13	154	128	-	-
Deferred tax liabilities	3	221	71	12	71
Total Non-Current Liabilities		8,460	41,699	12	71
TOTAL LIABILITIES		52,694	46,030	10,567	1,453
NET ASSETS		**87,429**	**101,490**	**86,211**	**79,034**
EQUITY					
Contributed equity	15	71,490	69,936	71,490	69,936
Retained profits	16	15,939	14,338	14,721	9,098
Total parent entity interest in equity		87,429	84,274	86,211	79,034
Outside equity interest	26	-	17,216	-	-
TOTAL EQUITY		**87,429**	**101,490**	**86,211**	**79,034**

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash paid to suppliers & employees		(19,089)	(22,746)	(4,112)	(3,860)
Interest received		4,536	3,143	4,294	3,715
Dividends received		-	-	11,599	-
Rent and other income received		12,042	14,620	120	2,040
Management fees received		15,187	14,873	-	-
Payout from Directors' Retirement Fund		(120)	-	(120)	-
Other receipts		10	(2)	-	-
Income tax paid		(3,196)	(222)	(400)	299
Net cash flows from operating activities	21	9,370	9,666	11,381	2,194
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Payments for property investment		(66,213)	(96)	-	-
Investment in managed funds		(20,233)	-	(20,233)	-
Payments for plant and equipment		(392)	(714)	-	(228)
Purchase of Units in Property Trust and Shares		(13)	(13)	(13)	(12)
Transfer out of units on deconsolidation of OFMDPT No.1		16,942	(35)	-	-
Purchase of units in blue print		-	-	-	(30)
Net mortgage loans issued		(5,500)	(3,395)	-	-
Other		(26)	-	-	-
Net cash flows used in investing activities		(75,435)	(4,253)	(20,246)	(270)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Loans from/(to) related entity		(1,728)	(289)	(10,732)	17,085
Proceeds from issue of shares		1,555	8,319	1,555	8,319
Placement costs of share issue		-	(251)	-	(251)
Bill facility		43,085	-	-	-
Distributions paid		(1,044)	(278)	-	-
Dividends paid		(5,623)	(4,961)	(5,623)	(4,955)
Proceeds from issue of units	9	-	17,216	-	-
Transfer out of cash on deconsolidation of OFMDPT	21	(1,826)	-	-	-
Net cash flows from financing activities		34,419	19,756	(14,800)	20,198
NET INCREASE/(DECREASE) IN CASH HELD		(31,646)	25,169	(23,664)	22,122
Cash at the beginning of the financial year		59,983	34,814	45,767	23,645
CASH AT THE END OF THE FINANCIAL YEAR	21	28,337	59,983	22,103	45,767

The accompanying notes form an integral part of this Statement of Cash Flows.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report has been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Views.

The report has also been prepared on the basis of historical cost and, except where otherwise stated, does not take into account current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report comprises the accounts of OFM Investment Group Limited and the consolidated accounts of the consolidated entity. The following accounting policies have been applied on a consistent basis.

(b) Principles of Consolidation

The consolidated financial report is that of the consolidated entity, comprising OFM Investment Group Limited (the parent company) and the entities it controlled at the end of the financial year and the results of the parent company and the controlled entities for the part of the year during which control existed. Where controlled entities have different accounting policies than the parent company these have been amended to ensure that consistent policies are adopted on consolidation. All inter-entity balances and transactions, including unrealised profits, have been eliminated in full.

The consolidated entity comprises the parent company and the following controlled entities:

(i) Over 50s Mutual Friendly Society Limited (consisting of its Management fund only)
(ii) OFM Capital Limited
(iii) Over 50's Insurance Agency Pty Ltd
(iv) OFM Direct Property Trust *
(v) OFM Investments Pty Ltd (formerly OFM Properties Pty Ltd)
(vi) OFM Funds Management Ltd
(vii) OFM Direct Property Trust No.2 "Dominion"
(ix) OFM Seniors Equity Release Pty Ltd (formerly OFM Mortgages Pty Ltd)
(x) OFM Direct Property Trust No.3 Chisholm

* Deconsolidated on 31 December 2004 when all remaining units held by Over 50s Mutual Friendly Society Limited were sold to external retail investors.

Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

OFM has majority representation on the Board of The Over 50's Guardian Friendly Society Limited ("Guardian"). However, as Guardian is a mutual organisation, OFM has no legal rights to Guardian's net assets and therefore does not control Guardian. It is therefore considered inappropriate to include Guardian in the consolidation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Investments

Investments in controlled entities are held at the lower of cost and recoverable amount.

Listed shares held for trading are carried at net market value. Changes in net market value are recognised as a revenue or expense in determining the net profit for the period.

Mortgages and other loans are carried at the original amount lent, adjusted for accrued interest and repayments received. A provision is raised for any doubtful debts based upon a complete review of all outstanding amounts at year end. Bad debts are written off in the period in which they are identified.

All other investments are valued at the lower of cost or market value unless otherwise stated. Interest is brought to account on an accrual basis. Premiums and discounts on government securities are amortised from the date of purchase so that the securities will be recorded at face value on maturity and the appropriate portion of premiums and discounts accounted for in the Statement of Financial Performance.

(d) Property Investments

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset. Accounting Standards do not require investment properties to be depreciated. Accordingly, the buildings and components thereof (including plant and equipment) are not depreciated.

Property investments are initially recognised at their cost of acquisition. Independent valuations of property investments are subsequently obtained annually. Such valuations are reflected in the financial statements of the Company. Notwithstanding, the Directors of the responsible entity assess the carrying value at each reporting period to ensure carrying values do not materially differ from fair values. Where the carrying value differs from the fair value, those assets are adjusted to their fair value. In determining fair value, the expected net cash flows have been discounted to their present fair value using a market risk adjusted discount rate.

(e) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

* costs of servicing equity (other than dividends);
* the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
* other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(f) Taxes

Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Taxes (Cont'd)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

* where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as an expense in the Statement of Financial Performance.; and
* receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(g) Recoverable Amount

The recoverable amount of an asset is the net amount expected to be recoverable through the net cash inflows arising from its continued use and subsequent disposal. Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is written down to its recoverable amount.

Future net cash flows used in the assessment of recoverable amount are not discounted.

(h) Depreciation

All plant and equipment which is measured at cost, is depreciated on a straight line or reducing balance basis, as appropriate, over its estimated useful lives. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

Plant and equipment	5-15 years

Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

Accounting Standards do not require investment properties to be depreciated. Accordingly, the buildings and components (including plant and equipment on acquisition) are not depreciated.

(i) Receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made at year end. Bad debts are written-off as incurred. Receivables from related parties are recognised and carried at the nominal amount due.

(j) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Employee Benefits (Cont'd)

Employee benefit expenses and revenues arising in respect of the following categories:

* wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
* other types of employee benefits

are recognised against profits on a net basis in their respective categories.

Contributions to employee superannuation plans are charged as an expense when the contributions are paid or become payable.

The value of equity based compensation scheme described in Note 14b is not being recognised as an employee benefits expense.

(k) Revenue from ordinary activities

Revenue from ordinary activities represents income on investments, dividends received from other corporations, management and establishment fees, rental income, insurance commissions, proceeds from the sale of property, plant and equipment, and in the case of the parent company, dividends, unitholders distributions and fees received from controlled entities. All revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured. Interest revenue accruing on loans receivable is not recognised to the extent that the recovery of such interest is no longer expected. Interest income is recognised progressively over the term of interest bearing financial assets based on the effective yield of the instruments. Revenue from the sale of property is recognised on settlement.

(l) Cash Flows

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purpose of the Statements of Cash Flows, cash includes cash on hand and in banks, deposits held at call, deposits held at call in cash management trusts and investments in money market instruments which are readily convertible to cash on hand, net of bank overdrafts,

(m) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(n) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is recognised as an expense as it accrues.

Deferred borrowing costs are capitalised and amortised using the straight line method over the lesser of the life of the loan or five years.

(o) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(p) Borrowing Costs

Borrowing Costs are capitalised then written off over the lesser of 5 years or the life of the loan.

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
2. REVENUE AND EXPENSE ITEMS					
(i) Revenues from ordinary activities:					
Interest received		4,537	3,143	4,294	3,715
Dividends received from related entities		-	-	11,599	-
Management fees from					
- Related entity		1,719	1,617	-	-
- Benefit funds		13,468	13,257	-	-
Rental income		7,090	8,298	-	-
Fees on issue of units in property trust		1,292	1,517	-	1,038
Other income		3,659	4,804	120	1,002
		31,765	32,636	16,013	5,755
(ii) Borrowing costs:					
Interest:					
- Bill facilities		2,007	2,566	-	-
		2,007	2,566	-	-
(iii) Expenses from ordinary activities (excluding borrowing costs):					
Depreciation of:					
- Plant and equipment		333	99	113	8
		333	99	113	8
Bad and doubtful debts		268	86	-	-
Staffing costs		5,184	3,015	2,009	1,199
Administration and funds management expenses		5,068	4,910	-	-
Finance expenses		2,057	3,471	321	294
Marketing and advertising		1,155	838	154	258
Corporate expenses		3,350	3,077	1,665	1,754
Rental expenses		396	92	360	92
Other real estate expenses		1,989	2,139	63	59
Office administration expenses		327	252	8	18
Other expenses		345	362	230	126
		20,471	18,340	4,923	3,808

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000

3. INCOME TAX

The difference between income tax expense provided in the financial statements and the prima facie income tax is:

	Cons. 2005	Cons. 2004	Parent 2005	Parent 2004
Profit from ordinary activities	8,244	11,730	11,090	1,947
Prima facie tax thereon at 30%	2,473	3,519	3,327	584
Tax effect of permanent differences				
- Exempt income	(3,920)	(4,284)	-	-
- Inter-entity consolidated dividends		-	(3,480)	-
- Expenses relating to exempt income and non-allowable expenses	2,466	2,831	-	8
Prima facie tax adjusted for permanent differences	1,019	2,066	(153)	592
Under/(over) provision in prior year	2	-	(2)	-
Income tax expense	1,021	2,066	(155)	592
Comprising:				
- Current taxation provisions	1,019	2,066	(153)	592
- Under/(over) provision in prior year	2	-	(2)	-
	1,021	2,066	(155)	592
Deferred Tax Assets and Liabilities				
Future income tax benefit	441	494	289	21
Current tax provisions/(receivables)	(397)	1,777	167	722
Provision for deferred income tax *	221	71	12	71
Related Party Tax Receivable - Benefit Funds ^	(5,903)	-	(5,903)	-
Related Party Tax Provision - Benefit Funds ^	5,903	-	5,903	-

* The provision for deferred income tax represents the timing difference arising from depreciation claimed for income tax purposes, but not charged for accounting purposes, on the investment properties.

^ As a result of tax consolidation, OFM recognises current tax related receivables and corresponding payables from its subsidiaries and the benefit funds. The amount is the net of tax provisions, future income tax benefit and provision for deferred income tax held by the benefit funds.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, OFM and its 100% owned subsidiaries formed a tax consolidation group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. As at balance date, the possibility of default is remote. The head entity of the tax consolidated group is OFM Investment Group Limited.

4. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2005	2004
	$'000	$'000
Net profit	7,222	9,386
	Number of shares	**Number of shares**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	51,316,210	48,806,316

Executive options issued, described in note 15(b) have not been included in the earnings per share calculated above, due to the inherent uncertainty of the performance hurdles required in order for the options to be exercised.

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000

5. RECEIVABLES

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
Amount owing by - related entities	19	2,245	492	39,161	25,505
GST receivables		-	214	-	79
Tax receivable		397	-	-	-
Sundry debtors		329	933	100	66
		2,971	1,639	39,262	25,650

Terms and conditions

No interest is charged on management fees receivable from the benefit funds received July 2005.
Terms and of amounts owing by controlled entities are set out in Note 19.
Any tax refunds will be receivable upon lodgement of the annual tax returns.
Sundry Debtors are usually receivable within 60 days.

6. OTHER FINANCIAL ASSETS

Investments carried at cost

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
Current					
Mortgage loans		10,855	8,790	-	-
Provision for doubtful debts		(343)	(219)	-	-
Investment in managed funds		20,233	-	20,233	-
Unit Trusts - Unlisted other		-	5	-	-
Listed Shares / Trust units	(*)	61	43	25	12
Total current investments		30,806	8,619	20,258	12
Non-Current					
Mortgage loans		5,998	2,563	-	-
Provisions for doubtful debts		(189)	(64)	-	-
Investment in Over 50s Benefit funds		-	-	30	30
Investments in controlled entities	8	-	-	8,448	8,448
Other Investments		26	-	-	-
Total non-current investments		5,835	2,499	8,478	8,478

(*) Listed shares are readily saleable with no fixed terms. There would be no material capital gains tax payable if these assets were sold at the reporting date

7. OTHER CURRENT ASSETS

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
Prepayments	768	701	258	215

8. INVESTMENTS IN CONTROLLED ENTITIES

NAME	PLACE OF INCORPORATION/ REGISTRATION	COST OF INVESTMENTS		CONSOLIDATED BENEFICIAL INTEREST	
		2005	2004	2005	2004
		$	$	%	%
OFM Investment Group Limited					
Over 50s Mutual Friendly Society Limited	Vic.	5,000,000	5,000,000	100%	100%
OFM Capital Limited	Vic.	2,316,864	2,316,864	100%	100%
OFM Seniors Equity Release Pty Ltd *	Vic.	2	2	100%	100%
Over 50's Insurance Agency Pty Ltd	Vic.	1,130,739	1,130,739	100%	100%
OFM Investments Pty Ltd ^	Vic.	12	12	100%	100%
OFM Direct Property Trust	Vic.	-	1	0%	46%
OFM Direct Property Trust No. 2 "Dominion"	Vic.	1	1	100%	100%
OFM Funds Management Ltd	Vic.	12	12	100%	100%
OFM Direct Property Trust No. 3 Chisholm	Vic.	1	-	100%	-
		8,447,631	8,447,631		

* Formerly OFM Mortgages Pty Ltd
^ Formerly OFM Properties Pty Ltd

NAME	PLACE OF INCORPORATION/ REGISTRATION	COST OF INVESTMENTS 2005 $	COST OF INVESTMENTS 2004 $	CONSOLIDATED BENEFICIAL INTEREST 2005 %	CONSOLIDATED BENEFICIAL INTEREST 2004 %
Over 50s Mutual Friendly Society Limited					
OFM Direct Property Trust	Vic.	-	16,942,002	0%	46%
OFM Direct Property Trust No. 2 "Dominion"	Vic.	2	2	100%	100%
OFM Direct Property Trust No. 3 "Chisholm"	Vic.	2	-	100%	-
		4	16,942,004		

9. PROPERTY INVESTMENTS

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
Current					
Property investments held at cost:					
Opening balance		-	-	-	-
Purchases		49,906	-	-	-
Transfer from Non-Current		96	-	-	-
Closing balance		50,002	-	-	-
Non-Current					
Property investments held at cost:					
Opening balance		72,821	72,657	-	-
Purchases		14,536	164	-	-
Depreciation of leasehold improvement		(87)	-	-	-
Transfer to Current		(96)	-	-	-
Disposals		(72,691)	-	-	-
Closing balance		14,484	72,821	-	-

Current year purchases of property investments relate to the purchase of three properties, the first, an office building located at 533 Little Lonsdale Street, Melbourne, the second, an office building located at 333 Exhibition Street, Melbourne, and the third, Chisholm Shopping Centre, located in Halley Street, Chisholm, ACT. As all property investments on hand at 30 June 2005 were purchased during the financial year, cost approximates fair value.

The office building located at 333 Exhibition Street, with a value of $34.1 million is classified as a current asset as it is expected to be sold next financial year.

Each property is pledged as security for the loans described in Note 12.

Current year disposal relates to the property investments of OFM Direct Property Trust, (consisting of a warehouse and distribution centre at 28-46 Salta Drive, Altona and two office buildings, one at 607 St Kilda Road, Melbourne, and the other at 35 Spring Street, Melbourne), moving outside of the group. During the financial year all units held by OFM Friendly Society were sold to external retail investors and consequently OFM Direct Property Trust is no longer a controlled entity. The financial impact of this transaction is disclosed in note 2.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

	CONSOLIDATED		PARENT	
	2005	2004	2005	2004
10. PLANT & EQUIPMENT	$'000	$'000	$'000	$'000
Plant & equipment at cost	1,181	1,099	352	352
Deduct: Accumulated depreciation	(605)	(335)	(124)	(8)
	576	764	228	344
Carrying amount at beginning	764	217	344	125
Additions	85	612	-	227
Disposals	-	-	(3)	-
Depreciation expense	(273)	(65)	(113)	(8)
	576	764	228	344

11. PAYABLES

Amount owing to related entities	-	563	3,106	185
GST payable	53	-	141	-
Loan Cranecorp Pty Ltd	800	-	-	-
Sundry creditors	1,602	1,412	563	101
	2,455	1,974	3,810	286

Terms and conditions - Payables

GST is payable monthly.

Loan to CraneCorp secured by 3rd mortgage against 333 Exhibition Street, Melbourne.

Sundry creditors are payable on commercial terms 7 to 60 days.

12. INTEREST-BEARING LIABILITIES

Current					
Bill Facilities - Secured	(i) and (ii)	35,000	-	-	-
Non-Current					
Bill Facilities - Secured	(iii) and (iv)	8,085	41,500	-	-

Terms and conditions relating to the bill facilities above are:

(i) $10 million bank bill maturing August 2010 with a fixed rate of 6.15% payable quarterly in advance. This is a non-recourse loan secured over property situated at 533 Little Lonsdale Street. As this property has been sold with settlement scheduled to occur on 6th September this bill will be repaid at this time.

(ii) $25 million bank bill maturing June 2007 with a variable rate (presently 5.83%) payable monthly in advance. This is a non-recourse loan secured over property situated at 333 Exhibition Street Melbourne.

(iii) $4.085 million bank bill with a variable rate (presently 5.71%) payable quarterly in advance. This is a non-recourse loan secured over property situated at Chisholm Shopping Centre, Halley Street Chisholm, ACT.

(iv) $4 million bank bill maturing February 2010 with a fixed rate of 5.96% payable quarterly in advance. This is a non-recourse loan secured over property situated at Chisholm Shopping Centre, Halley Street Chisholm, ACT.

13. PROVISIONS

(i) Current					
Provision for Directors' retirement fund		287	318	287	318
Provision for employee bonus		300	-	300	-
Provision for employee benefits	14(a)	289	262	88	56
		876	580	675	374
(ii) Non-current					
Provision for employee benefits	14(b)	154	128	-	-

		CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000
14. EMPLOYEE BENEFITS					
(a) Aggregate employee benefits, including on-costs					
- Current	13.	589	262	388	56
- Non-current	13.	154	128	-	-
		743	390	388	56

There were 42 employees at year end (2004: 29).

The present values of employee benefits not expected to be settled within twelve months of balance date have been calculated using the following assumptions:

	2005	2004	2005	2004
Assumed rate of increase in wage and salary rates	3.0%	3.0%	3.0%	3.0%
Settlement term (years)	10	10	10	10

(b) Executive Option Agreement

Pursuant to an Executive Option Agreement, OFM Investment Group Limited ("OFM") has granted to the Chief Executive Officer ("CEO") options over a total of 771,428 ordinary shares of OFM. The options were granted on 24 August 2002, are for a period of five years and are exercisable progressively beginning on the second anniversary of the date of grant. The strike price of $1.75 was the weighted average OFM share price over the five trading days prior to the grant date of 24 August 2002.

The options granted are in two equal tranches, each with separate annual performance hurdles that must be met for the vesting to take place. The first tranche is subject to the attainment of compound EPS (earnings per share) growth for OFM of not less than 10% per annum and the second is subject to the percentage increase in TSR (total shareholder return) for OFM equalling or exceeding the percentage increase in the S&P/ASX Financials ex Property Trust Accumulation Index for the same period. The amount of the vesting of the total options granted at each exercise date is, 24 August 2004 - 15%, 24 August 2005 - 25%, 24 August 2006 - 30% and 24 August 2007 - 30%.

The options that vested on 24 August 2004 met both the annual performance hurdles but the options have not been exercised as at the date of this report.

These hurdles were not met in the current financial year for the options vesting on 25 August 2005. As the hurdles allow averaging over a three year period it is still possible that they will be met over this longer term. Following a conservative approach management has used a 75% probability of achieving the hurdles in the Black-Scholes option pricing model.

Information with respect to the number of options granted under the executive option agreement is as follows:

	2005	
	Number of options	Weighted average exercise price
Balance at beginning of year	771,428	$1.75
- granted	-	-
Balance at end of year	771,428	$1.75
Exercisable at end of year	115,714	$1.75

(c) Options held as at the end of the reporting period

The following table summarises information about options held by the CEO as at 30 June 2005:

Number of Options	Grant Date	Vesting Date	Expiry Date	Weighted average exercise price
115,714	24 August 2002	24 August 2004	24 August 2008	$1.75
192,857	24 August 2002	24 August 2005	24 August 2008	$1.75
231,428	24 August 2002	24 August 2006	24 August 2008	$1.75
231,428	24 August 2002	24 August 2007	24 August 2008	$1.75

15. CONTRIBUTED EQUITY

	NOTE	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
(a) Issued and paid up capital					
Ordinary shares fully paid		71,490	69,936	71,490	69,936

		PARENT 2005 No.of Shares	PARENT 2005 $'000	PARENT 2004 No.of Shares	PARENT 2004 $'000
(b) Movement in shares on issue					
On issue at beginning of financial year		50,928,272	69,936	46,687,676	61,868
Issued during the year:					
Dividend Reinvestment Scheme		751,624	1,555	676,596	1,431
Share Purchase Plan	(i)	-	-	3,444,000	6,888
Short-term Incentive Employee Share Scheme	(ii)	-	-	120,000	-
Less Share Issue Cost		-	-	-	(251)
On issue at end of financial year		51,679,896	71,491	50,928,272	69,936

(i) Shares issued on 24 December 2003, to existing shareholders at $2.00 each.
(ii) Shares issued on 30 June 2004 as part of the 2004 Short-Term Incentive Employee Share Scheme.

(c) Terms and conditions of contributed equity

Unless otherwise stated, ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

16. RETAINED PROFITS

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	PARENT 2005 $'000	PARENT 2004 $'000
Retained profits at beginning of financial year	14,338	9,913	9,098	12,704
Dividends paid during the year:				
(i) Current year interim	(2,567)	(2,525)	(2,567)	(2,525)
20% Franked (5 cents per share) (2004:5c)				
(ii) Previous year final	(3,055)	(2,436)	(3,055)	(2,436)
Fully Franked (6 cents per share) (2004:6c)				
Net Profit attributable to members of OFM Investment Group Limited	7,223	9,386	11,245	1,355
Retained profits at the end of the financial year	15,939	14,338	14,721	9,098

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

	2005	2004
– franking account balance as at the end of the financial year at 30% (2004:30%)	1,070	267
– franking credits that will arise from the payment of income tax payable as at the end of the financial year	(397)	1,777
	672	2,044

Retained profits and reserves of the Parent Entity that could be distributed as dividends and franked out of existing franking credits or out of franking credits arising from income tax payable amount to $1,569,049.

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000

17. CONTINGENT LIABILITIES AND COMMITMENTS

(i) Capital commitments

The Group has contracted to purchase a 50% interest in Mortgageport Management Pty Ltd. The purchase is structured into two payments with the first instalment of $3.331 million being paid at settlement in August 2005, and the second instalment payable in 2006. OFM also has the option to acquire the remaining 50% shareholding in three years time.

(ii) Operating lease expenditure *

Not later than 1 year	70	49	60	31
Later than 1 year but not later than 5 years	135	109	112	80
	204	158	173	111

* (All novated motor vehicle leases provided as part of salary packaging)

18. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT	
	2005	2004	2005	2004
	$	$	$	$
Amounts received or due and receivable, for the audit and review of the financial reports of the parent entity and any entity in the consolidated group.	190,000	170,000	10,500	68,000
Amounts received or due and receivable, for other services in relation to all entities in the consolidated group for:				
- Taxation Services	94,848	158,255	38,848	43,000
- Other Assurance Services	6,860	183,755	3,520	20,000
	101,707	342,010	42,368	63,000

19. RELATED PARTY DISCLOSURES

(i) Directors

The Directors named in the Directors' report each held office as a Director of the Company for the whole of the year ended 30 June 2004 except A.R. Nimmo who resigned on 29 June 2005.

Remuneration received or receivable by the Directors of the parent entity is disclosed in Note 24 to the financial report.

(ii) Other transactions with Directors of entities in the economic entity and their Director-related entities

As a matter of Board policy, all transactions with Directors and Director-related entities are conducted on normal commercial or employee terms, in 2005 there were no such dealings.

Investments in benefit funds

Certain Directors have investments in the benefit funds of Over 50s Mutual Friendly Society Limited and The Over 50's Guardian Friendly Society Limited. These investments are made on the same terms and conditions as all other persons.

	2005	2004
	$	$
Aggregate investments in such funds	114,703	110,021

Directors and Director-related entities received normal bonuses on these investments.

19. RELATED PARTY DISCLOSURES (Cont'd)

Other

In addition, the parent entity and its related entities entered into the following transactions, which are insignificant in amount, with Directors and their Director-related entities in their domestic dealings and within normal customer or employee relationships on terms and conditions no more favourable than those available in similar arm's length dealings:

- receipt of general insurance premiums; and
- payment of general insurance benefits.

(iii) Transactions within the consolidated entity

All transactions were on normal terms and conditions unless stated otherwise.

Management fees are charged to benefit funds by Over 50s Mutual Friendly Society Limited in accordance with the relevant legislation and benefit fund rules.

Aggregate amounts receivable from related parties:	CONSOLIDATED	
	2005	2004
Management fees :	$	$
Over 50s Mutual Friendly Society Benefit Funds	2,101	-
The Over 50's Guardian Friendly Society	144	491
	2,245	491

Where a management agreement is in place, management fees are charged to controlled entities in accordance with such agreements.

OFM Investment Group Limited pays some expenses on behalf of related entities and receives a reimbursement for these payments. No interest is received or paid on inter-entity balances.

20. SEGMENT REPORTING

SEGMENT INFORMATION – PRIMARY SEGMENT

Revenue is derived by the consolidated entity from the following product segments:

(a) Funds Administration - a range of financial products, including single and multi-premium investments.

(b) Insurances - health and general insurance agency.

(c) Mortgages -provide funding and equity capital secured by mortgages.

(d) Property - acquire and hold properties for income and growth.

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2005

20. SEGMENT REPORTING (Cont'd)

2005	Funds Administration $'000	Insurances $'000	Mortgages $'000	Property $'000	Elimination $'000	Consolidated $'000
Revenue						
Interest, dividends and other investment income	16,827	17	1,871	644	(14,822)	4,537
Management, risk and establishment fees	15,364	-	1,082	-	987	17,433
Rent and other	354	974	1,726	7,090	(348)	9,796
Total segment revenue	32,544	991	4,680	7,734	(14,184)	**31,765**
Segment result	17,597	724	547	1,907	(11,488)	**9,287**
Income tax expense						(1,021)
Net profit						**8,266**
Segment assets	80,072	503	1,382	66,614	(8,448)	**140,123**
Segment liabilities	14,356	(154)	(290)	(66,606)	-	**(52,694)**
Other segment information:						
Depreciation	324	-	-	-	-	**324**
Non-cash expenses other than depreciation	-	-	249	-	-	**249**
2004						
Revenue						
Interest, dividends and other investment income	5,625	9	822	67	(3,381)	3,142
Management, risk and establishment fees	16,909	-	1,664	-	(1,283)	17,290
Rent and other	380	684	560	11,269	(689)	12,204
Total segment revenue	22,914	693	3,046	11,336	(5,353)	**32,636**
Segment result	9,765	469	1,479	2,678	(2,661)	**11,730**
Income tax expense						(2,066)
Net profit						**9,664**
Segment assets	68,809	378	2,446	75,887	-	**147,520**
Segment liabilities	(3,811)	(50)	(111)	(42,058)	-	**(46,030)**
Other segment information:						
Depreciation	97	-	-	-	-	**97**
Non-cash expenses other than depreciation	-	-	86	-	-	**86**

SEGMENT INFORMATION – SECONDARY SEGMENT

The consolidated entity operates in one geographic region, Australia.

	NOTE	CONSOLIDATED		PARENT	
		2005	2004	2005	2004
		$'000	$'000	$'000	$'000

21. CASH FLOW INFORMATION

(i) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2005	2004	2005	2004
Cash	28,337	59,983	22,103	45,767

(ii) Reconciliation of profit from ordinary activities after related income tax expense to net cash provided by operating activities:

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Profit after income tax	8,268	9,664	11,245	1,355
Non-cash items				
Depreciation and amortisation	324	97	116	8
Movement in provision for doubtful debts	249	86	-	-
Provision for Directors superannuation (Directors' retirement fund)	89	97	89	97
Changes in assets and liabilities:				
Payout from Directors' retirement fund	(120)	-	(120)	-
(Increase)/decrease in sundry receivables	193	217	(34)	127
Decrease in prepayments	(218)	(320)	(44)	(10)
Increase/(decrease) in GST payable	338	(262)	220	(103)
Increase/(decrease) in employee benefits	52	(40)	31	(1)
Increase/(decrease) in accrued expenses	624	(1,474)	665	(61)
Decrease in accrued Directors' fees	-	(6)	-	(6)
Increase in sundry payables	1,545	519	95	-
Increase/(decrease) in income taxes payable	(2,175)	1,843	(555)	891
Increase/(decrease) in deferred tax payable	201	(755)	(327)	(103)
Net cash flows from operating activities	9,370	9,666	11,381	2,194

(iii) Financing facilities

Apart from financing facilities already disclosed in note 12, the entity does not have any further financing facilities, including unused lines of credit.

(iv) Non-cash financing and investing activities

Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, $1,554,739 (2004: $1,430,723) of dividends were paid via the issue of 751,624 shares (2004: 676,596).

(v) Reconciliation of Cash on disposal of controlled entity

	$'000
Total contributed equity	33,829
Less:	
Total Tax receivable	(7)
Total Other	(236)
Total Property Investments	(74,805)
Add back:	
Total Receivables	588
Total Payables	42,379
Total tax liabilities	78
Cash assets as at 31/12/04	1,826
Units held in OFMDPT No.1 at cost	16,942
Proceeds from disposal of units in OFMDPT No.1	(16,942)
Net gain on units disposed	-

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Board of Directors has established strict policy and procedural guidelines for the use of derivative financial instruments. Specific derivative financial instruments which may be used for the Friendly Society operations, and the conditions for their use, have been approved by the Australian Prudential Regulation Authority. These policies expressly limit the specific instruments which may be used and limit their usage to the hedging of actual or anticipated exposures or the enhancement of investments. The use of financial derivative instruments to leverage the investment portfolios is not permitted as the financial instruments must be backed up by an underlying asset or by cash.

Exposure to interest rate risk and share market risk is managed within the parameters approved by the Board of Directors. The risk management process is subject to close senior management scrutiny, including regular management reporting.

Credit Risk Exposures

Credit risk arises from the possibility of non-performance by counterparties to financial instruments. The consolidated entity deals only with prime financial institutions when entering into derivative financial instruments and does not expect any counterparties to fail to meet their obligations. Credit risk on mortgage loans is managed through prudential lending guidelines, appropriate mortgage security arrangements and loan default credit risk insurance.

The credit risk on financial assets of the consolidated entity recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for doubtful debts. Concentration of risk may exist when the volume of transactions limits the number of counterparties. Concentration of credit risk in relation to mortgage loans is demonstrated by the following bands:

Loan balance outstanding			Number
$	-	- $ 250,000	72
$	250,001	- $ 500,000	4
$	500,001	- $ 1,000,000	10
$	1,000,001	- plus	3

Bills of exchange, which have been purchased at a discount to face value, are carried on the Statement of Financial Position at an amount less than the amount realisable at maturity which reflects discounting to present value. The total credit risk exposure of the consolidated entity on such instruments could also be considered to include the difference between the carrying amount and the realisable amount; however, such differences are not material.

Liquidity Risk Exposures

Liquidity risk arises from the possibility that because of market conditions the consolidated entity may be forced to sell financial instruments at a value below their underlying worth or may be unable to exit the positions at all. To counter this risk, financial instruments are used only in highly liquid markets and maturity restrictions are in place in both exchange traded and over-the-counter markets.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities are set out below.

			Fixed interest maturing in:				
2005	**Weighted average interest rate**	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Financial Assets							
Cash assets	5.00%	27,913	419	-	-	6	28,338
Receivables		-	-	-	-	2,971	2,971
Related party tax receivable		-	-	-	-	5,903	5,903
Mortgage loans	11.52%	16,320	-	-	-	-	16,320
Listed Shares		-	-	-	-	26	26
Investments in managed funds	4.53%	20,233	-	-	-	-	20,233
Units in unlisted unit trust		-	-	-	-	61	61
Total Financial Assets		**64,466**	**419**	**-**	**-**	**8,967**	**73,851**
Financial Liabilities							
Accounts payable and provisions		-	-	-	-	(3,486)	(3,486)
Related party tax payable		-	-	-	-	-	-
Bill Facility	5.90%	(29,085)	-	(14,000)	-	-	(43,085)
Total Financial Liabilities		**(29,085)**	**-**	**(14,000)**	**-**	**(3,486)**	**(46,571)**
Net Financial Assets /(Liabilities)		**35,381**	**419**	**(14,000)**	**-**	**5,481**	**27,281**

2004							
Financial Assets							
Cash assets	4.75%	58,058	1,919	-	-	6	59,983
Receivables		-	-	-	-	1,639	1,639
Mortgage loans	9.60%	11,328	25	-	-	-	11,353
Listed Shares		-	-	-	-	13	13
Total Financial Assets		**69,386**	**1,944**	**-**	**-**	**1,658**	**72,988**
Financial Liabilities							
Accounts payable and provisions		-	-	-	-	(2,682)	(2,682)
Bill Facility	5.34%	-	-	(41,500)	-	-	(41,500)
Total Financial Liabilities		**-**	**-**	**(41,500)**	**-**	**(2,682)**	**(44,182)**
Net Financial Assets /(Liabilities)		**69,386**	**1,944**	**(41,500)**	**-**	**(1,024)**	**28,806**

Net Fair Values

The net fair values of recognised financial assets and financial liabilities, in all cases, approximate their carrying amounts. There are no unrecognised financial assets or financial liabilities.

23. EVENTS SUBSEQUENT TO BALANCE DATE

The Group has contracted to purchase a 50% interest in Mortgageport Management Pty Ltd. The purchase is structured into two payments with the first instalment of $3.331 million being payable at settlement in August 2005, and the second instalment payable in 2006. OFM also has the option to acquire the remaining 50% shareholding in three years time.

After extending a number of the tenant lease terms on the property investment located at 533 Little Lonsdale Street, in June 2005, OFM signed a put and call option to sell this building to Austgrowth Property Syndicates. In late July 2005 Austgrowth exercised that option. Settlement is expected to take place on 6 September 2005 and OFM is expected to crystallise a net profit of approximately $1.3 million in the 2006 financial year.

Apart from the above, since the end of the financial year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial statements that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

24. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(I) Specified Directors	
M. G. Chessell	Chairman (non-executive)
W. J. Forster	Director (non-executive)
M. G. Grant	Director (non-executive)
M. A. Gray	Director (non-executive)
R. R. Officer	Director (non-executive)
A. R. Nimmo	Director (non-executive) Resigned 29 June 2005
(ii) Specified executives	
R. F. Curtis	Chief Executive Officer
C.A. Jones	Company Secretary & General Counsel
T.D. Reid	Chief Financial Officer
A.G. Ongarello	General Manager - Property
S. R. Thomson	General Manager - Friendly Society
C.R. Martin	Head - Retirement Markets

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

The Nomination and Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and the Chief Executive Officer. The committee assesses the appropriateness of the nature and amount of Directors' emoluments on a periodic basis so that they are consistent with current corporate and industry standards, they fairly reimburse Directors for services provided and to ensure they are sufficient to attract Directors with the appropriate skills. The same assessment is made in relation to executives' emoluments to ensure they are consistent with current corporate and industry standards, sufficient to attract executives with appropriate skills and structured so as to provide strong motivation to perform well.

24. DIRECTORS AND EXECUTIVE DISCLOSURES (Cont'd)

(ii) Remuneration of Specified Directors and Specified Executives

		Primary	Post Employment		Equity		Other		Total
		Salaries & Fees	Superannuation	Directors Retirement Fund	Options	Employee Issue **	Bonus	Termination Payments	
Specified Directors									
M.G. Chessell	2005	104,464	9,000	25,659	-	-	-	-	139,123
	2004	99,356	8,550	32,965	-	-	-	-	140,871
W.J. Forster	2005	52,500	4,726	14,448	-	-	-	-	71,674
	2004	46,500	4,185	16,159	-	-	-	-	66,844
M.G. Grant	2005	55,500	4,996	15,170	-	-	-	-	75,666
	2004	49,500	4,455	17,207	-	-	-	-	71,162
M.A. Gray	2005	51,000	4,591	13,892	-	-	-	-	69,483
	2004	46,500	4,185	15,638	-	-	-	-	66,323
A.R. Nimmo ***	2005	54,250	-	20,087	-	-	-	-	74,337
	2004	50,000	-	14,625	-	-	-	-	64,625
R.R. Officer	2005	49,500	3,915	-	-	-	-	-	53,415
	2004	39,173	3,526	-	-	-	-	-	42,699
Total Remuneration: Specified Directors									
	2005	367,214	27,228	89,256	-	-	-	-	483,698
*	**2004**	331,029	24,901	96,594	-	-	-	-	452,524
Specified Executives									
R.F. Curtis	2005	281,584	22,880	-	31,862	-	-	-	336,326
	2004	240,695	26,845	-	40,730	42,400	-	-	350,670
C.A. Jones	2005	182,727	16,248	-	-	-	-	-	198,975
	2004	171,846	15,466	-	-	32,436	-	-	219,748
T.D. Reid	2005	155,329	12,140	-	-	-	-	-	167,468
	2004	131,160	10,960	-	-	24,380	-	-	166,500
A.G. Ongarello	2005	177,186	15,545	-	-	-	-	-	192,731
	2004	166,887	14,628	-	-	23,532	-	-	205,047
S.R. Thomson	2005	171,347	16,541	-	-	-	-	-	187,888
	2004	163,922	14,483	-	-	19,027	-	-	197,432
C.R.Martin	2005	172,018	15,482	-	-	-	85,000	-	272,500
****	2004	73,532	6,666	-	-	19,080	-	-	99,278
Total Remuneration: Specified Executives									
	2005	1,140,191	98,835	-	31,862	-	85,000	-	1,355,888
*	**2004**	948,042	89,048	-	40,730	160,855	-	-	1,238,675

* Group totals in respect of the financial year ended 2004 do not necessarily equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

** The employee share issue noted above relates to a bonus payment made, under the 2004 short term incentive employee share scheme, in lieu of cash. Each share was valued at $2.12 being the closing share price on 30th June 2004.

***A.R. Nimmo resigned 29th June 2005, he received a payment of $120,334 being the total of amounts previously accrued and disclosed under the heading "Retirement Fund".

**** From 19/11/2003.

There are no loans to Directors or Executives.

24. DIRECTORS AND EXECUTIVE DISCLOSURES (Cont'd)

(c) Option holdings of specified directors and specified executives

	Balance at beginning of period 1-Jul-04	Granted as Renumer-ation	Options Exercised	Net Change Other	Balance at end of period 30-Jun-05	Vested at 30 June 2005 Total	Non Exercisable	Exercisable
Specified Executives								
R.F. Curtis	771,428	-	-	-	771,428	115,714	-	115,714
TOTAL	771,428	-	-	-	771,428	115,714	-	115,714

(d) Shareholdings of Specified Directors and Specified Executives

Shares held in OFM Investment Group Ltd	Balance at 1-Jul-04 Ord	Granted as Renumer-ation Ord	On Exercise of Options Ord	Net Change Other Ord	Balance at 30-Jun-05 Ord
Specified Directors					
M.G. Chessell	68,848	-	-	-	68,848
W.J. Forster	55,944	-	-	15,743	71,687
M.G. Grant	35,658	-	-	1,921	37,579
M.A. Gray	21,206	-	-	1,143	22,349
A.R. Nimmo	1,954	-	-	105	2,059
R.R. Officer	2,000	-	-	107	2,107
Specified Executives					
R.F. Curtis	23,793	-	-	(20,000)	3,793
C.A. Jones	15,300	-	-	(15,300)	-
T.D. Reid	12,382	-	-	(8,000)	4,382
A.G. Ongarello	11,100	-	-	(11,100)	-
S.R. Thomson	11,417	-	-	615	12,032
C.R. Martin	9,000	-	-	-	9,000
TOTAL	268,602	-	-	(34,766)	233,836

All equity transactions with specified directors and specified executives other then those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

25. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

OFM Investment Group Ltd (OFM) commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS.

As a result of these procedures, OFM has graded impact areas as either high, medium or low and is addressing each of the areas in order of priority as represented by the grading. As OFM has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AIFRS. This will form the basis of accounting for AIFRS in the future and is required when OFM prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of OFM. Where possible the company has quantified the impacts on the financial reports.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of the transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by OFM (b) potential amendments to AIFRS and interpretations thereof being issued by the standard setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

Business Combinations
The Group has elected to take advantage of the exemption under AASB 1 "First-time adoption of Australian equivalents to International Financial Reporting Standards" and chosen not to apply AASB 3 "Business Combinations " retrospectively. The results of work performed to date indicates there will be minimal impact on the transition to AIFRS.

Property Investments
AASB 140 "Investment Property" will require OFM to record investment properties at either depreciated 'cost' or 'fair value' rather than undepreciated cost. The company will elect to use the fair value basis for valuing all future investment properties. As a result of this election it is considered there will be minimal impact on transition to AIFRS.

Share based payments
AASB 2 "Share-based payments" requires the expensing of the cost of issuing shares, options and performance rights to employees and other parties. Such transactions are required to be measured at fair value, with fair value determined at grant date and based on an option-pricing model. The standard only applies to share based payments granted subsequent to 7 November 2002 which have not vested by 1 July 2005. Since the Executive Options (Note 14) were granted prior to 7 November 2002, AASB 2 will not apply to these options.

Income Tax
AASB 112 "Income Tax" requires a 'balance sheet' approach to calculating tax effect balances, while the current AASB 1020 adopts a profit and loss approach. The company will be required to calculate deferred taxation based on temporary differences. The approach under AASB 112 "Income Taxes" is therefore fundamentally different to the current AASB 1020 approach. The future financial effects of this change in accounting policy is considered to be immaterial as the amount of any temporary differences existing at transition date is immaterial.

Provision for Doubtful Debts
AASB 139 "Financial Instruments: Recognition and Measurement" specifically precludes the use of a general provision for doubtful debts. Under AASB 139 the provision is a combination of both individual and collective assessment. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognised. The future financial effects of this change in accounting policy is as at 1 July 2005 an expense of $132,560 being general provision for doubtful debts which will be reversed against retained earnings.

Upfront application fees
Under AGAAP, certain upfront application fees are recognised immediately on origination of the loans. Under AASB 139 "Financial Instruments: Recognition and Measurement" these fees and associated transaction costs must be capitalised and included in the loan's effective interest rate and recognised over the expected life of the loan. Certain fees and transaction costs will no longer be recognised upfront as revenue or expense, but will be amortised over the life of the loan through the yield. The future financial effects of this change in accounting policy is expected to be minimal.

25. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS (Cont'd)

Financial Assets and Liabilities

Under AASB 139 "Financial Instruments: Recognition and Measurement" financial assets and liabilities will be required to be classified into one of the following categories and which will in turn determine their respective accounting treatment.

Financial assets will be classified as loans and receivables, held to maturity, held for trading and or available for sale and depending on their classification will be measured at fair value or amortised cost.

The consolidated entity's financial assets consisting of cash, investments in diversified treasury funds, mortgage loans and investments in managed funds will be classified and result in a change in the current accounting policy that does not classify financial assets and liabilities, with the net asset and net operating income impact expected to be minimal.

Consolidation of Benefit Funds

The consolidated entity controls certain Benefit Funds, which have not previously been consolidated due to APRA prudential Rule 47 "Friendly Society Financial Statements" and ASIC Class order 99/1225 "Financial Reporting Requirements for Benefit Fund Friendly Society". On transition to AIFRS the exemption no longer applies and these funds may be required to be consolidated in accordance with AASB 127 "Consolidated and Separate Financial Statements" .

In the event of this consolidation, the total assets of the consolidated entity upon transition to AIFRS would increase by the total assets of the benefit funds, with an equal corresponding increase in the liabilities due to policyholders and other creditors. Hence there would be no effect on the net assets of the consolidated entity. Similarly the revenue and expenses of the consolidated entity reported in future periods under AIFRS would increase significantly, with no significant effect on the net profit before tax of the consolidated entity.

As a result of the potential consolidation of the benefit funds discussed above, AASB 1038 "Life Insurance Contracts" may be applicable in relation to some of the financial products offered by the benefit funds. An exercise has been performed on the benefit fund products to determine the likely impact of the potential application of this standard. The results of this work indicate that there will be minimal impact if the standard is applied.

26 OUTSIDE EQUITY INTEREST

	CONSOLIDATED	
	2005	2004
	$'000	$'000
Reconciliation of outside equity interest in controlled entity:		
Opening balance	17,216	-
Issue (Sale) of Units	(17,216)	17,216
Add share of operating profit	1,044	278
Less distributions	(1,044)	(278)
Closing balance	-	17,216

OFM INVESTMENT GROUP LIMITED AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17th August 2005.

(a) Distribution of equity securities

The number of shareholders by size of holding are:

	Number of holders	Number of ordinary shares
1 - 1,000	15,393	7,022,622
1,001 - 5,000	8,647	19,291,144
5,001 - 10,000	1,128	7,740,783
10,001 - 100,000	346	6,139,371
100,001 and over	19	11,485,976
	25,533	51,679,896

The number of shareholders holding less than a marketable parcel are:	2,586	526,434

(b) Twenty largest shareholders

Name	Ordinary Shares	
	Number	%
1. OFM Unverified Members Pty Ltd	3,007,256	5.82%
2. Invia Custodian Pty Limited	1,446,835	2.80%
3. Citicorp Nominees Pty Limited	1,395,675	2.70%
4. Australian United Investment Company Limited	1,000,000	1.93%
5. RBC Global Services Australia Nominees Pty Limited	809,693	1.57%
6. Anglo American Security Fund LP	578,550	1.12%
7. Drake Associates LP	578,550	1.12%
8. Sterling Grace Capital Management LP	578,550	1.12%
9. Sterling Grace International LLC	578,550	1.12%
10. J P Morgan Nominees Australia Ltd	305,000	0.59%
11. Securities Exchange Pty Ltd	260,103	0.50%
12. Mr Scott Anson Turner	250,000	0.48%
13. Charmof Nominees Pty Ltd	225,000	0.44%
14. ANZ Nominees Limited	150,462	0.29%
15. Trust Company Superannuation Services Ltd	132,500	0.26%
16. Westpac Custodian Nomines Ltd	131,522	0.25%
17. Brincliff Pty Ltd	130,000	0.25%
18. Australian Executor Trustees Limited	115,800	0.22%
19. Giovanni Nominees Pty Ltd	100,000	0.19%
20. HSBC International Trustee (Singapore) Limited	90,000	0.17%
	11,864,046	**22.96%**

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) 5% Shareholding Limit

The Company's constitution provides that, during the period from 1 July 2001 to 30 June 2006 inclusive, no person, other than the Company, its Directors, its subsidiaries or the trustee of the OFM Trust, can hold 5 percent or more of the Company's shares (the "5 % limit"). If a person is entitled to 5 percent or more of the Company's shares, they must immediately reduce their holding to less than the 5% limit. The Directors may nominate a person to whom the restriction does not apply and the Company may, by special resolution, exclude a member or members from the restriction.

Where an allotment or issue of shares arising from the exercise, conversion or paying up of a quoted security or quoted right would result in a person holding more than the 5% limit, the Company has the power to allot and issue the shares to a nominee to dispose of the shares on behalf of the person to whom the shares would otherwise have been issued.

While a member holds shares in excess of the 5% limit, voting, dividend and winding-up rights are suspended on the shares in that shareholding which are at or above the 5% limit.

The Directors may give notice to a member holding 5 percent or more of the Company's shares requiring the member to dispose of sufficient shares to reduce their shareholding to less than the 5% limit. The shares must be disposed of within the time specified in the notice, being not less than 30 days from the date of the notice. If the member does not comply with the notice the Company may dispose of some or all of the member's shares as may be required to reduce the member's shareholding to less than the 5% limit. The Company may dispose of such shares in such manner and on such terms as it thinks fit and must pay the proceeds of the disposal, net of any disposal costs, to the member formerly holding those shares.

The shareholder limit does not apply to OFM Unverified Members Pty Ltd, being the Trust established at the time of demutualisation to hold shares on behalf of members who had not completed formalities for verifying their membership.

(e) Substantial shareholders

	Number of shares held
The name of the substantial shareholder is:	
OFM Unverified Members Pty Ltd as Trustee of the OFM Trust	3,007,256

(f) On-market buy-back

There is no current on-market buyback.

ERNST & YOUNG

120 Collins Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

Tel 61 3 9288 8000
Fax 61 3 9654 6166
DX 293 Melbourne

Independent audit report to members of OFM Investment Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for OFM Investment Group Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report and the additional disclosures.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on them to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the additional disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of OFM Investment Group Limited is in accordance with:

(a) the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of OFM Investment Group Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Denis Thorn

Denis Thorn
Partner
23 August 2005