



VIA ELECTRONIC LODGEMENT

26 October 2005

Australian Stock Exchange
Company Announcements Platform

Annual General Meeting – Chairman’s and CEO’s Address

Please find attached Chairman’s address and Chief Executive Officer’s address to be given to the OFM Investment Group 2005 Annual General Meeting convened for 11:00 am on 26 October 2005.

Yours faithfully

CATHERINE JONES
COMPANY SECRETARY

**OFM INVESTMENT GROUP LIMITED
ANNUAL GENERAL MEETING
26 OCTOBER 2005**

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

Ladies and Gentlemen:

You will have had an opportunity to review our annual report and accounts, and for those who wished to do so, to examine the detailed financial reports for the Group and its Controlled Entities.

I would like to take this opportunity to provide an overview of our financial performance for 2005, discuss some of our achievements, comment on corporate governance and Board matters, and on our operating environment; and provide an assessment of our business outlook.

Our CEO Rick Curtis, will also report to you in more detail on the business strategies being adopted to enable the business to grow.

In the year to 30 June 2005, OFM experienced a 2.67% decline in revenues and our net profit after tax of \$7.22m, was down from \$9.4m in the previous year.

These results were however consistent with our strategy for reinvestment in business growth and consistent with the forecast provided to shareholders at this time last year.

The main sources of the net profits were the Over 50's Mutual Friendly Society at \$5.4m, and the property division at \$1.1m, and the major costs for the group were also incurred by these divisions.

These costs are to some extent dependent on funds under management, and are significantly impacted by staffing levels, which increased from 29 in June 2004 to 42 in June 2005.

Our other divisions, insurance and mortgages, performed as expected with good profitability in the general mortgage business being offset by the start-up costs for reverse mortgages - and our business relationship with "Invocare" continues to produce increased revenues as Funeral Funds under management continue to grow - now in excess of \$160m.

Our financial position remains strong with free cash holdings of \$28m, and property investments and other assets of \$59m at year end.

Shares in OFM had a net tangible assets backing of \$1.69 at 30 June 2004. They are currently trading at \$2.04.

As a consequence, the Board maintained a dividend of 11c per share from the earnings of 14.1c per share in 2005 and is confident that this level of distribution can be maintained in the current year.

The 2005 dividends were 64% franked but as a result of recent amendments to the application of income tax paid by the Over 50's Mutual Friendly Society, we expect that OFM will generate sufficient franking credits to fully frank the projected dividend payment in the current year.

I remind shareholders that at the time of the de-mutualisation, the OFM Unverified Members Trust was established to hold shares on behalf of members who were then unable to be located. Under arrangements approved at that time, the Trust is due to be wound up before June 2006 and on current indications, directors expect that there will be \$6m approximately in value to be distributed between the shareholders at that time.

Our achievements for the year included not only the launch of the OFM senior's home equity release product, known as SHERL, and the various property acquisitions and initiatives outlined in our annual report, but the important task of recruiting of quality professional staff for the management of the key responsibilities in the company. In 2005 these included Iain Giles as General Manager – Products and Distribution, with a responsibility which includes all marketing activities; and Colin Robinson as General Manager of Mortgage Lending. As is often remarked, a company is only as good as its people and the Board is confident that we now have the necessary experience and skills represented in our senior executive team, to enable us to successfully manage our obligations and to achieve our immediate objectives.

Corporate governance is the framework of accountability in which all of our operations and activities are conducted.

OFM inherited the high degree of stakeholder trust enjoyed by the Over 50's Mutual Friendly Society, and the Board welcomes corporate governance obligations as a formalising of the culture of prudent investment and business integrity which has been paramount in the organisation from its earliest days.

As reported last year, your Board fully endorses the values associated with the ASX Corporate Governance Best Practice requirements introduced in the previous year, and has ensured that these have been fully implemented.

The Board recognises that compliance of itself will not necessarily result in improved Board performance. We have also sought to more effectively represent shareholders by restructuring our major committees following the retirement of Alex Nimmo on 30 June. Since then, we have continued as a Board of 5 with all directors agreeing to serve on all committees so as to ensure that each Board member has a detailed knowledge of, and involvement in, all aspects of the company's business.

OFM is a relatively small participant operating in a highly competitive market place in financial services and funds management.

2005 was also a year of buoyant equity markets which resulted in solid returns for our equity-based funds, but perversely impacted on our ability to accumulate suitable investment properties for syndication purposes.

As a consequence, management has adopted a more flexible approach to the development of the business which has resulted for example, in taking of a profit on the resale of a property investment in Little Lonsdale Street, rather than its inclusion in a new property syndicate as originally intended at the time of its acquisition. We expect to similarly resell in whole or in part during the current financial year, our interest in the recently acquired property at 333 Exhibition Street.

It has also meant that we have pursued a number of opportunities for potential acquisitions of Funds Management and Financial Services Business, with the objective of acquiring businesses to take advantages of economies of scale and improve return on capital.

Our major investment in 2005 was in the development of the Senior's Home Equity Release Loan product (known as SHERL) where we have made the necessary commitment to a quality business development team with all the appropriate resources. This business is not yet profitable but the Board remains confident that Chris Martin and his team can position

OFM as the preferred Australian provider of reverse mortgage funds and in doing so, provide a valuable service to senior Australians.

The directors have approved budgets for the business in 2006 which reflect a commitment to further reinvestment in a development of new business, in particular by increased marketing expenditure to promote the SHERL reverse mortgage product. Net profit is expected to improve marginally in the year but these initiatives are designed to increase the level of funds and assets under management and to ensure a solid base on which to develop growth and profitability in subsequent years.

The building of a solid base is usually heavy work requiring significant commitment, sometimes without commensurate recognition, and I would like to conclude by thanking my Board colleagues and all of the hard working staff for their efforts and commitment to this cause.

Ladies and Gentlemen there will be the opportunity for questions later in the meeting and I would now like to invite Rick Curtis to present his report and to introduce the senior management team to you.

**OFM INVESTMENT GROUP LIMITED
ANNUAL GENERAL MEETING
26 OCTOBER 2005**

**CHIEF EXECUTIVE OFFICER'S
ADDRESS TO SHAREHOLDERS**

Good morning Ladies and Gentlemen. Thank you for taking the time to attend the 2005 annual general meeting of OFM Group shareholders.

The Chairman has introduced each of the Directors and I would like to now introduce the key senior management of the Company that were able to attend to today – Catherine Jones, Terry Reid, Anthony Ongarello, Iain Giles, Stuart Boys and Colin Robinson. Chris Martin, the head of our reverse mortgages business, is currently inter-State.

The key message I would like to deliver today is that OFM is continuing its strategy of investing in new products and businesses in order to assure its future growth.

The net profit of \$7.2 million for 2005 was in accordance with our forecast to shareholders. Shareholders will recall that this target was set with the intention of maintaining the same dividend payment to shareholders as the previous year, whilst still investing as far as possible in the establishment of new businesses. In order to maintain a strong dividend return to shareholders, we elected to defer a number of potential other new business developments.

The Company's objective is to drive long term shareholder value by building strong brand equity, client loyalty and strategic partner relationships and to deepen expertise in chosen market segments. Satisfied clients are central to driving shareholder value.

Our strategic focus is to develop OFM's existing capabilities in the overlapping segments of funds management and financial services. Growth will come from a combination of internal product development as well as acquisitions.

At the AGM last year we launched two new products – the OFM Mortgage Income Fund and the OFM Seniors Home Equity Release (SHERL) reverse mortgages.

The OFM Mortgage Income Fund has established an exceptionally strong performance record in the past year compared to its peers. It was recently rated a "Strong Buy" by InvestorWeb. The Fund is also in the process of being rated by Standard & Poor and we see the completion of this rating process as being the catalyst for a strong marketing push for the Fund in early 2006.

A considerable amount of the Company's resources were devoted in the past year to the establishment of the SHERL reverse mortgages business and I am very pleased with the results to date. Given that the market for reverse mortgages in Australia is still in the early development phase, we trialled a number of advertising mediums – from mainstream newspapers, radio, letter drops and specialist publications. However, our key focus in the first year was to seek to establish new relationships with a range of financial intermediaries – being financial planners, finance brokers, credit unions, friendly societies and others. With those new relationships established our task this year is to educate individual planners and brokers of the benefits of OFM's products and then convert the relationships to new sales.

We recognized that the biggest challenge for OFM to grow in the future was to establish proper distribution channels for its products. New innovative products ideas are only as good as your ability to distribute those products. We are using our unique reverse mortgage and investment bond products to establish new relationships with financial planning groups and others. Those relationships simply did not exist before and they will provide us with a foundation to sell other OFM products like the Mortgage Income Fund in the future.

I am often asked why OFM has not established its own in-house or tied investment management business, like some peers. The answer to this is that we have in part in the case of mortgages and property, but have not to date done so in respect of equities for a number of reasons. The principle reason is cost. I said before that in order to maintain a strong dividend return to shareholders, we elected to defer a number of potential other new business developments. OFM for historical reasons does not manage a large equities portfolio and therefore the start up losses associated with establishing an equities team over three to four years are currently not feasible. However we do continue to look at potential joint ventures with established investment managers.

We have recently made two business acquisitions – in Lifetime Planning and Mortgageport Management. Both of these were predominately designed to improve our distribution capabilities.

Lifetime Planning is a specialist provider of financial advice to people seeking aged care accommodation. It has very strong relationships with the aged care industry in Victoria. The purchase will offer an important new service to our existing clients as well as facilitate the provision of advice to new clients on the use of reverse mortgages to fund age care costs.

In financial services, the recent acquisition of a 50% interest in Mortgageport Management Pty Ltd will provide OFM with an expanding distribution channel for the ongoing development of our stable of financial products and the introduction of new lines of business. We were particularly attracted to Mortgageport because of the quality of the existing personnel and the fact that the business distributes home loans through accountants and financial planners who are key target intermediaries for other OFM products. The Company sees the Mortgageport acquisition as the first step in OFM emerging as a significant player in the residential mortgage financial services market as the industry moves to further consolidation.

OFM is also examining further niche opportunities in residential mortgage origination and asset based financing. Funding for any such lending is expected to be derived from a combination of retail investors, wholesale lines of credit, securitisation of loan portfolios and the Company's own strong balance sheet resources.

In the 2006 financial year the Company will continue its 2005 strategy of investing in the development of brand equity and the promotion of new products. It is expected that there will be significantly higher marketing expenditure funded by higher revenues in order to build the 'OFM' brand. In particular, the Group will continue to build its profile in the reverse mortgage markets through its innovative 'OFM SHERL' promotions and advertising.

We are determined to be a leading player in reverse mortgages and other targeted areas, based on the quality of our product, the strength of our distribution relationships and our commitment to the education of third party introducers and end customers.

A number of acquisitions and joint ventures in respect of funds management and finance businesses in Australia and New Zealand are also under consideration. It is our intent that the pace of acquisitions will increase significantly this year. Some of those acquisitions may require specific shareholder approval and if so I would urge you to support them at the appropriate time.

This financial year we will therefore continue our strategy of reinvesting higher revenues in new businesses to ensure the future growth of the Company, whilst still maintaining strong dividend payments. However I am aware that the market allows a relatively short period of investment before results must be delivered. I am confident that shareholders will begin to see the results of the current investment in the medium term.

Finally, I once again thank the staff, the Board, shareholders and our external relationship partners for their efforts and support during the past year.