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VIA ELECTRONIC LODGEMENT

29 August 2007

Australian Stock Exchange
Company Announcements Platform

Preliminary Final Report – Appendix 4E

Please find attached:

- Preliminary Final Report (Appendix 4E),
- Financial Report for the year ended 30 June 2007, and
- Auditor's Report on the Financial Report.

Yours faithfully

CATHERINE ANNE JONES
COMPANY SECRETARY

Over Fifty Group Limited ABN 22 095 454 336
call 1300 50 50 50 fax (03) 9629 3397 visit Level 30, 367 Collins St, Melbourne, Vic 3000. post GPO Box 695, Melbourne, Vic 3001.

Appendix 4E
Preliminary final report

OVER FIFTY GROUP LIMITED (Formerly OFM INVESTMENT GROUP LIMITED)

ABN: 22 095 454 336

1 **Reporting period: 1st July 2006 to 30th June 2007**

Previous period: 1st July 2005 to 30th June 2006

		$'000	% change from previous period
2.1	Revenue from ordinary activities.	149,355	24.63%
2.2	Profit (loss) from ordinary activities after tax attributable to members.	7,570	3.63%
2.3	Net profit (loss) for the period attributable to members.	7,570	3.63%
2.4	Interim dividend:		
	Amount per security (cents)		5.0 cents
	Franked amount per security (cents)		5.0 cents
	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		29-Mar-07
	Final dividend:		
	Record date for determining entitlements to the dividend		11-Sep-07

2.6 (i) The major contributors to profit were Over Fifty Mutual Friendly Society and the property funds management division. The revenue from the one-off sales of properties in the first half of 2006 have been replaced with property acquisition fees earned by the property funds manager, Century Funds Management Limited ("Century"), a wholly-owned subsidiary purchased on 10 July 2006. OFG continued to invest in the reverse mortgage business which generated strong volume growth.

(ii) The profit from ordinary activities after tax attributable to members and net profit attributable to members, increased over the prior year due to higher income from the friendly society and property division, which was offset by higher staffing costs and a large increase in doubtful debts in the commercial mortgage division.

(iii) The OFM Trust has been holding OFG shares since 1 July 2001 on behalf of unverified members from the demutualisation of Over Fifty Mutual Friendly Society Limited. During the 5 years to 1 July 2006 the Trust was required to transfer the shares and any associated dividends to all unverified members who became verified. Post 1 July 2006 the Board had to decide, under clause 7.4 of the OFM Trust Deed, how the remaining shares and capital accretions relating to those shares still held by the Trust were to be applied for the benefit of all shareholders of OFG. The Board decided that the shares remaining in the Trust would be transferred as part of the equity settlement relating to the purchase of Century noted above. The value of these shares and the capital accretions that related to them, transferred to the retained earnings of OFG, was $4.053 million.

Appendix 4E
Preliminary final report

OVER FIFTY GROUP LIMITED (Formerly OFM INVESTMENT GROUP LIMITED)

ABN: 22 095 454 336

3 For a Income Statement together with notes to the statement, see the financial report.

4 For a Balance Sheet together with notes to the statement, see the financial report.

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

6 Interim dividend:

Date dividend paid	5-Apr-07
Amount per security of foreign sourced dividend	0.00
Final dividend:	
Date dividend payable	5-Oct-07
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 Link Market Services Limited.

Last date for receipt of an election notice for participation in the dividend reinvestment plan.	7-Sep-07

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

9 Net tangible assets backing:

	2007	**2006**
Number of Ordinary Shares	58,870,394	52,447,121
Net tangible assets ($000's)	53,013	81,519
Net tangible assets per security ($)	0.90	1.55

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

Century Funds Management Ltd ABN 11 086 553 639
Date of the gain of control - 10th July 2006 (upon purchase of Company)
The company's contribution to the reporting entity's result to date for the year ended 30 June 2007 was $3,180,254.

Century Property Services Pty Limited ABN 95 092 526 924
Date of the gain of control - 10th July 2006 (upon purchase of it's parent - Century Funds Management Ltd)
The company's contribution to the reporting entity's result to date for the year ended 30 June 2007 was $478,339.

Bankminster Holdings Pty Limited ABN 84 100 502 458
Date of the gain of control - 10th July 2006 (upon purchase of it's parent - Century Funds Management Ltd)
The company's contribution to the reporting entity's result to date for the year ended 30 June 2007 was $289,730.

Appendix 4E
Preliminary final report

OVER FIFTY GROUP LIMITED (Formerly OFM INVESTMENT GROUP LIMITED)

ABN: 22 095 454 336

11 Over Fifty Group Limited held a 50% interest in Mortgageport Management Pty Ltd ABN 42 082 753 679. The associate's contribution to the reporting entity's result to date for the year ended 30 June 2007 was $425,764.

Over Fifty Group Limited held a 44% interest in Over Fifty Direct Property Trust ABN 74 508 458 282. The associate's contribution to the reporting entity's result to date for the year ended 30 June 2007 was $1,418,613.

There were no other 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 Over Fifty Group Limited is not a foreign entity nor are any of the controlled entities.

14.1 Earnings per security (EPS)

Basic EPS	2007	2006
Net Profit ($A'000)	7,570	7,305
Number of Potential Ordinary Shares	0	0
Weighted average number of Ordinary Shares	58,126,484	52,078,662
Basic EPS (cents)	13.02	14.03

Executive options issued to the former CEO Rick Curtis totalling 115,714, described in the 2006 Appendix 4E, vested prior to him leaving the company in February 2006. These constituted a dilution aspect in order to calculate the 2006 diluted earnings per share but had no impact on the calculation

On 8 September 2006, R. Curtis converted his 115,714 options into shares, thus in 2007 there is no dilution aspect

Apart from the above, 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.

14.2 Returns to shareholders:

Distributions	nil
Buy Backs	nil
Dividends	See above

14.3 The consolidated OFG entities achieved a net profit of $7.6 million for the year which was in line with the Company's expectations as foreshadowed in the half year report. The major contributor was Over Fifty Mutual Friendly Society which was supported by the returns from the property division. However, these returns were reduced by the large increase in the doubtful debt provision in the commercial mortgage division.

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 22 - Segment Information.

Appendix 4E
Preliminary final report

OVER FIFTY GROUP LIMITED (Formerly OFM INVESTMENT GROUP LIMITED)

ABN: 22 095 454 336

14.5 The Directors are optimistic about the outlook for the company and look forward to working with the Managing Director and his senior management team to further create value for shareholders.

The company will continue to invest in its new brand, distribution channels and product development with the objective of positioning the company as a leading provider of financial and lifestyle solutions to the over fifty community.

14.6 In April 2007, the Company announced it will begin to wind down its commercial mortgage lending and related funds management activities. The Company will manage the orderly run down of the loans held on its balance sheet. Approximately $27 million in capital will be progressively repaid to the Company when current loans mature with this capital expected to be redeployed throughout the group.

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.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES

A.B.N. 22 095 454 336

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2007

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

The Directors of Over Fifty Group Limited ("the Company") submit the following report in respect of the year ended 30 June 2007.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

M.G. Chessell, OAM, LLB, (Chairman). Independent Director since 21 December 2000.

Chairman of Over Fifty Mutual Friendly Society Limited; Chairman of the Nomination and Remuneration Committee of Over Fifty Group Limited; Consultant, Hicks Oakley Chessell Williams Lawyers; Director of private companies involved in investment, mortgage management, superannuation and retirement villages.

C.R. Martin, B.Ec, LLB (Hons), CA (Managing Director and Chief Executive Officer) since 28 June 2006.

Mr Martin joined the company in 2003 and was appointed Managing Director of OFG in 2006. He is a qualified lawyer and a chartered accountant and has worked in the finance, health and aged care sectors throughout his career.

J. E. McBain, DipUrbVal (Executive Director). Appointed 10 July 2006.

Co-founder of Hanover Group Pty Limited and Waltus Investments Australia Limited. Prior to 1990, Mr McBain held senior positions in a number of property development and property investment companies in Australia, New Zealand and the United Kingdom.

W.J. Forster, B.Sc., MRICS. Independent Director since 21 December 2000.

Director of Over Fifty Mutual Friendly Society Limited; Chairman of the Audit, Risk Management and Compliance Committee of Over Fifty Group 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 Holmesglen Institute of TAFE and a number of other private companies involved in construction, property investment and retirement villages.

M.G. Grant, BVSc, MBA, FAICD. Independent Director since 4 April 2001.

Director of Over Fifty Mutual Friendly Society Limited; Chairman of the Lending and Investment Committee of Over Fifty Group 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 (1999 - 2001) until the merger with Over Fifty Mutual Friendly Society Limited in 2001.

M.A. Gray, AM, BComm, DDA, FREI, FAPI, FAICD. Independent Director since 4 April 2001.

Director of Over Fifty 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 (1989 - 1999); Former Director of Mutual Friendly Society Limited (1988 - 2001) until the merger with Over Fifty Mutual Friendly Society Limited in 2001.

R.R. Officer, BAgSc (Melb.), MAgEc (NE), MBA, PhD (Chicago), FASSA. Independent Director since 6 August 2003.

Director of Over Fifty Mutual Friendly Society Limited; Emeritus Professor University of Melbourne; Chairman of Acorn Capital Limited; Chairman of Pentacle Property Funds Management Ltd; Chairman of JF Capital Partners Ltd; 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.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

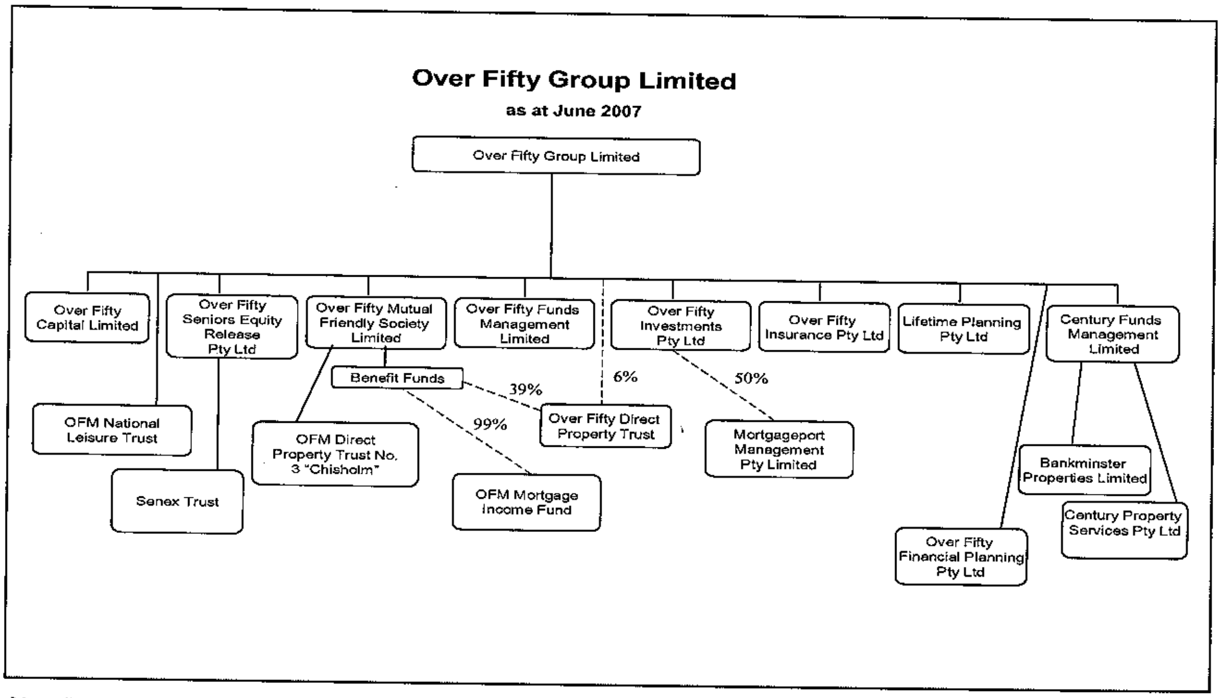
COMPANY SECRETARY

Catherine Jones, LLB Solicitor

Catherine Jones has been the Company Secretary and General Counsel of Over Fifty 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 practised as a solicitor in England for 9 years before coming to Australia.

CORPORATE STRUCTURE

Over Fifty 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.



Note: "------" represents partial ownership, "——" represents 100% ownership.

PRINCIPAL ACTIVITIES

The principal activities of Over Fifty Group Limited ("OFG") 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 Over Fifty Guardian Friendly Society Limited.

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

RESULTS

The consolidated net profit for the year was $7.57 million (2006: $7.31 million) after providing for income tax expense relating to shareholders of $5.39 million (2006: $3.60 million).

DIVIDENDS

A fully franked final dividend of 6 cents per share and a special dividend of 9 cents per share (totalling $8,624,244) was declared in August 2006 and paid in October 2006 and a fully franked interim dividend of 5 cents per share (totalling $2,923,247) was declared in February 2007 and paid in April 2007.

REVIEW OF OPERATIONS

The consolidated OFG entities achieved a net profit of $7.57 million for the year which was in line with the Company's expectations as foreshadowed in the half year report.

The major contributors were Over Fifty Mutual Friendly Society and the property funds management division. The revenue from the one-off sales of properties in the first half of 2006 have been replaced with property acquisition fees earned by the property funds manager, Century Funds Management Limited ("Century Funds Management"), a wholly-owned subsidiary purchased on 10 July 2006. OFG continued to invest in the reverse mortgage business which generated strong volume growth.

Funds under management rose during the year to $1.78 billion (2006: $1.14 billion).

The major highlights for the financial year were as follows:

• In July 2006, the Company completed the 100% acquisition of Century Funds Management, a specialist property funds management business. It had approximately $440 million of funds under management at 30 June 2006. In July 2006, Century acquired two properties, an office block in Artarmon, NSW for $7.75 million and a goods retail centre in West Gosford, NSW for $28.66 million.

• In August 2006, a special dividend of 9 cents per share fully franked was declared, crystallising the value of unclaimed shares within the OFM Trust.

•In October 2006, AGM approved the company name change to Over Fifty Group Limited (OFG). The change of name signalled OFG's intention to become the pre-eminent provider of financial and lifestyle solutions to the over fifty community.

• In October 2006, the Company finalised the sale of the car park component of 333 Exhibition Street, Melbourne for $24.0 million. This equated to the value of the asset in the Company's accounts at 30 June 2006.

• In November 2006, the Century Funds Management subsidiary increased the Group property FUM to $620 million with the purchase of an 8 storey office building at 7-9 Help Street, Chatswood, NSW. The acquisition will be held in Century's flagship diversified property trust, Century Balanced Fund No. 1.

• The continuing investment made in the successful development and marketing of the reverse mortgage business enabled loans on the balance sheet to grow substantially in the twelve months to June 2007. As part of this development OFG established a wholesale funding facility with a leading bank to support the growth of this business. The establishment of the facility has enabled the redeployment of capital previously utilised by this business. In December 2006, OFG piloted a new reverse mortgage product in conjunction with ANZ.

• In April 2007, the Company announced it will begin to wind down its commercial mortgage lending and related funds management activities. Our small lending base, coupled with an increasingly competitive commercial mortgages sector, has led the Company to conclude that shareholder capital could be more effectively deployed into other activities. The Company will manage the orderly run down of the loans held on its balance sheet over the following 12-18 months. Approximately $27 million in capital will be progressively repaid to the Company when current loans mature.

• In May 2007, the Company moved its registered office and principal place of business to Level 30, 367 Collins Street Melbourne.

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 during the 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	16	16	6	6	12	12	1	1
W.J. Forster	16	13	6	5	12	10	1	1
M.G. Grant	16	15	6	5	12	11	1	1
M.A. Gray	16	15	6	6	12	11	1	1
C.R. Martin	16	16	6	0	12	12	1	1
R.R. Officer	16	15	6	6	12	12	1	0
J.E. McBain *	16	15	6	0	12	11	1	1

* J.E. McBain appointed 10 July 2006.

Note: C.R. Martin and J.E. McBain are not members of the Audit, Risk Management & Compliance Committee.

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.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial year, the Directors are not aware of any 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors are optimistic about the outlook for the Group and continue to look forward to working with the Managing Director and his senior management team to help maximise the creation of value for shareholders. The Group will continue to invest in its new brand, distribution channels and product development with the objective of positioning the Group as a leading provider of financial and lifestyle solutions to the over fifty community.

DIRECTORS' INTERESTS

Details of Directors' shareholdings in OFG as at 30 June 2007, are as follows:

Directors	No. of Ordinary Shares	Value as at 30 June 2007
		$
J.E. McBain	4,081,247	9,060,368
M.G. Chessell	88,369	196,179
W.J. Forster	79,178	175,775
M.A. Gray	44,444	98,666
M.G. Grant	42,988	95,433
C.R. Martin	19,067	42,329
R.R. Officer	13,280	29,482

Details of Directors' interests in benefit funds of the Over Fifty Mutual Friendly Society Limited as at 30 June 2007, are as follows:

	Name of Fund	Amount of Investment
		$
M.G. Chessell	Over Fifty Income Accumulation Bond Fund	10,922
	Australian Property & Mortgage Fund	2,256
	Over Fifty Capital Guaranteed Bond Fund	3,358
W.J. Forster	Over Fifty Growth Bond Fund	8,412
M.G. Grant	Over Fifty Blueprint Australian Shares Bond	8,300
	Over Fifty Growth Bond Fund	7,716
M.A. Gray	Over Fifty Income Accumulation Bond Fund	2,325

Directors hold ordinary interests, with equal rights to other shareholders and policyholders.

INDEMNIFICATION AND INSURANCE OF OFFICERS

OFG 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. OFG 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 contracts.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Group under ASIC Class Order 98/0100. The Group is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

The Directors 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.

AUDITOR'S 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. 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 2001*. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

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

- Taxation Services	-
- Other Assurance Services	1,800

Signed in accordance with a resolution of the directors.

M.G. CHESSELL
Chairman

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

Melbourne
27 August 2007

REMUNERATION REPORT (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of Over Fifty Group Limited ("the Company") and the group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 *Related Party Disclosures*, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Managing Director ("MD"), senior executives, general managers and secretary of the parent and the group.

Remuneration Committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The Committee assesses the appropriateness of the nature and amount of the Directors' remuneration on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board.

Remuneration Philosophy

OFG 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, OFG 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 MD 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 Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Clause 63.2 of the Constitution provides an aggregate maximum amount of not more than $750,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to non-executive Directors of comparable companies when undertaking the annual review process and, where considered appropriate, advice from external consultants.

Each Director receives a fee for being a Director of all Group companies and an additional fee is paid to the Chairman and to the Chairman of each Board Committee. The payment of the additional fees to each Chairman recognises the additional time commitment and responsibility associated with the position.

The current non-executive Directors are also entitled to remuneration under the Directors Retirement Fund that was in place prior to OFG becoming a listed public company to appropriately compensate directors for significant periods of service and be consistent with current corporate and industry standards. The formula calculates the period of service from 1 April 2002 to current date, divided by 9 years and that percentage is applied to the sum of the normal directors fees over the last two years. Any benefits accrued to 31 March 2002 were preserved and the above formula applied from that date.

The Directors Retirement Fund only applies to those Directors appointed to the Board prior to 30 June 2004. The retirement benefit scheme is not available to any director appointed after 30 June 2004. OFG will contribute statutory superannuation for directors appointed after 30 June 2004.

The remuneration of Directors for the period ending 30 June 2007 is detailed in Table 1 of this report.

REMUNERATION REPORT (audited)

Senior Management and Executive Director Remuneration

Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company and so as to:

- reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of stakeholders;
- link rewards with the strategic goals and performance of the company ; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the MD seeks independent advice regarding market levels of remuneration for comparable executive roles.

The MD has an employment contract which includes options as part of his remuneration package that was approved at the AGM in October 2006.

Remuneration packages include a mix of fixed and variable remuneration and short and long-term performance-based incentives. The proportion of fixed and variable remuneration is established for each executive by the MD after consultation with the Remuneration Committee. Table 2 details the fixed and variable components for each executive.

Fixed Remuneration

Objective

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. This is reviewed annually by the MD and the process consists of a review of company, business unit and individual performance as well as relevant comparative remuneration in the market. The same process is used by the Remuneration Committee when reviewing the fixed remuneration of the MD.

The MD and senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and salary sacrifice items such as motor vehicles and/or additional superannuation contributions. It is intended that the manner of payment chosen will be optimal without creating undue cost for the Group.

Variable Remuneration

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

Short-term Incentives ("STI")

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve operational targets and such that the cost to the Group is reasonable in the circumstances.

Structure

Actual STI payments granted to each executive depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators ("KPIs") covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management and leadership/team contribution. These measures were chosen as they represent the key drivers for short term success of the business and provide a framework for delivering long term value.

The Group has predetermined benchmarks that must be met in order to trigger payments under the STI scheme. On an annual basis, after consideration of performance against KPIs, an overall performance rating of each individual business unit and the individual performance of each executive is rated and these are taken into account when determining the amount, if any, of the short term incentive pool that is to be allocated to each executive. This process is normally completed within 2 months after the reporting date.

The aggregate of annual STI payments available to executives across the group is subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus in the following reporting period.

The STI cash bonus for 2006 vested in executives and other employees was paid in the 2007 financial year. A separate STI payment, based on performance for the year, of $100,000 was approved for the MD and also paid in August 2006. An STI pool for the 2007 financial year was approved by the Remuneration Committee at $303,750 and, based on the performance criteria above, will be allocated and paid in September 2007. These amounts are included in Table 1, as appropriate.

REMUNERATION REPORT (audited)

Short Term Incentive Employee Share Plan (the Plan)

In the 2006 financial year, the Board approved the establishment of the OFG Short Term Incentive Employee Share Plan (the Plan) to establish a method by which eligible employees may participate in the future growth and profitability of the Company, and to assist in the recruitment, reward, retention and motivation of employees of the Company and its subsidiaries. The Plan and issue of shares under the Plan were approved at the 2006 AGM. This short-term incentive plan is separate to OFG's Performance Rights Plan.

Under the Plan, the Board may, in its discretion, offer eligible employees fully paid ordinary shares in the Company (**Shares**) with a market value of up to $1,000 per employee per financial year. Eligible employees include permanent full-time and part-time employees of OFG and its subsidiaries. Directors (whether executive or non-executive) cannot participate in the Plan unless specific approval is given by shareholders. The current year's value is taken up in the accounts in employee benefits expense.

Participants are restricted from selling, disposing of, encumbering or otherwise dealing with Shares issued under the Plan for a period of three years from the date the Shares were provided (**Restriction Period**). If a participant ceases to be an employee of OFG or its subsidiaries during the Restriction Period, the restrictions on disposal will cease.

Under ASX Listing Rule 7.1 the Company may not issue or agree to issue equity securities which in aggregate exceed 15% of the Company's fully paid issued share capital in any 12 month period without obtaining shareholder approval, unless an exception applies. ASX Listing Rule 7.2 exception 9 (as an exception to ASX Listing Rule 7.1) provides that issues of equities securities under an employee incentive scheme, such as the Plan, are not included when calculating this 15% limit if, no more than three years before the date of issue, shareholders approved the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1.

On 15 August 2006, 28,400 shares were issued to eligible employees under the Plan. The issue represented approximately 0.05% of the Company's issued share capital and did not cause any breach of the 15% limit under Listing Rule 7.1.

Long-term Incentives ("LTI")

At the 2003 AGM OFG shareholders approved a Performance Rights Plan to which the long-term incentives relate. Under this plan, the Board has been given discretion in granting to employees 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 and time-related vesting conditions. In summary, if OFG achieves a growth in earnings per share ("EPS") of up to 13% per annum and a Total Shareholder Return ("TSR") which matches that of a basket of similar companies, the performance rights will convert into shares at the target date in the future as set out in Table 7. Performance will be tested at the end of four years measuring the average compound performance over the preceding four financial years. The LTI plan was set up to reward all employees in a manner that aligns the elements of remuneration with the creation of shareholder wealth.

The Group uses a Total Shareholder Return (TSR) as the performance hurdle for the LTI plan. TSR was selected as the LTI performance hurdle as it ensures an alignment between comparative shareholder return and reward for executives.

The allocation of rights under the plan is approved by the Board after recommendations by the MD. The first allocations under the Plan were granted in May 2006 (refer to Note 30 of the financial statements for details of the rights granted and the vesting dates if the performance hurdles are met).

The rights granted are valued by an external consultant in line with the requirements of Accounting Standard AASB2. The company then applies an estimation of the tenure risk associated with employees still being employed at the time the rights vest for those subject to TSR and EPS performance hurdles, and the probability of OFG attaining the required increase in EPS. The resultant value is charged to the profit and loss evenly across the vesting period. The amounts calculated above relating to the executives are included in Table 2.

Group Performance

The tables below show the performance of the Group (as measured by its TSR) as compared to the ASX Financial (excluding Property Trusts) Accumulation Index and the EPS for the years ended 30 June 2003 to 30 June 2007.

	TSR	
	OFG	ASX Financial (ex Property Trusts)
30/06/2003	-9.73%	-4.34%
30/06/2004	14.95%	14.32%
30/06/2005	1.42%	23.67%
30/06/2006	16.18%	24.49%
30/06/2007	9.73%	24.86%

	EPS	
	OFG cents/share	% Movement
30/06/2003	17.5	2.94%
30/06/2004	19.2	9.71%
30/06/2005	14.1	-26.56%
30/06/2006	14.0	-0.71%
30/06/2007	13.0	-6.98%

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

REMUNERATION REPORT (audited)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2007:

	Short-term employee benefits			Post employment benefits		Share-based payment		Termination benefits	Total	% of performance based over total	% of remuneration consisting of options
Directors	Salaries and Fees	Bonus ****	Other	Superannuation	Directors Retirement Fund	Participating rights **	Options	Termination Payments			
M.G. Chessell	105,000	-	4,962	9,450	25,740	-	-	-	145,152	-	-
W.J. Forster	61,500	-	-	5,535	18,000	-	-	-	85,035	-	-
M.G. Grant	61,500	-	-	5,535	14,500	-	-	-	81,535	-	-
M.A. Gray	55,500	-	-	4,995	16,556	-	-	-	77,051	-	-
R.R. Officer	55,500	-	-	4,995	14,278	-	-	-	74,773	-	-
C.R Martin	339,450	-	-	39,550	-	15,688	161,748	-	556,436	3%	29%
J.E. McBain *	192,855	-	-	30,268	-	-	-	-	223,123	-	-
Sub-total directors	**871,305**	**-**	**4,962**	**100,328**	**89,074**	**15,688**	**161,748**	**-**	**1,243,105**		
Executives											
C. Jones General Counsel/Company Secretary	214,527	-	-	28,098	-	23,579	-	-	266,204	9%	-
T.D. Reid Chief Financial Officer	173,564	-	-	15,655	-	18,274	-	-	207,493	9%	-
C. Robinson *** General Manager - Mortgage Fund	223,077	-	-	19,623	-	-	-	-	242,700	-	-
I. Giles General Manager - Products and Distribution	228,528	-	-	27,692	-	-	-	80,980	337,200	-	-
J. Huljich Head of Property	222,179	-	-	11,518	-	-	-	-	233,697	-	-
A. Nicu *** Head - Reverse Mortgages	157,200	-	-	15,433	-	5,612	-	-	178,245	3%	-
Sub-total executives	**1,219,075**	**-**	**-**	**118,019**	**-**	**47,465**	**-**	**80,980**	**1,465,539**		
Totals	**2,090,380**	**-**	**4,962**	**218,347**	**89,074**	**63,153**	**161,748**	**80,980**	**2,708,645**		

* Appointed Director 10 July 2006.

** Participating rights granted as part of remuneration have been valued using an adjusted form of the Black-Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation analysis. The Monte Carlo simulation option pricing model has been modified to incorporate an estimate of the probability of achieving

*** C. Robinson, J. Huljich and A. Nicu are key management personnel for the 2007 financial year.

A. Ongarello resigned on 2 August 2006, S. Boys resigned on 31 December 2006 and I. Giles was made redundant on 30 June 2007.

**** The short-term executive bonuses have not been allocated for 2007.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007

REMUNERATION REPORT (audited)

Table 2: Remuneration for the year ended 30 June 2006:

	Short-term employee benefits			**Post employment benefits**		**Share-based payment**		**Termination benefits**	**Total**	**% of performance based over total**	**% of remuneration consisting of options**
	Salaries and Fees	Bonus	Other	Superannuation	Directors Retirement Fund	Participating rights	Options	Termination Payments			
Directors											
M.G. Chessell	105,000	-	4,464	9,450	26,482	-	-	-	145,396	-	-
W.J. Forster	61,500	-	-	5,535	18,222	-	-	-	85,257	-	-
M.G. Grant	61,500	-	-	5,535	17,444	-	-	-	84,479	-	-
M.A. Gray	55,500	-	-	4,995	15,167	-	-	-	75,662	-	-
R.R. Officer	55,500	-	-	4,995	34,028	-	-	-	94,523	-	-
C.R Martin	238,685	130,000	-	24,181	-	2,219	-	-	395,085	33%	-
Sub-total directors	**577,685**	**130,000**	**4,464**	**54,691**	**111,343**	**2,219**	**-**	**-**	**880,402**		
Executives											
R. Curtis CEO	201,512	20,000	2,790	16,114	-	-	-	165,000	405,416	5%	-
C. Jones General Counsel/Company Secretary	207,349	140,000	-	22,084	-	2,672	-	-	372,105	38%	-
A. Ongarello General Manager - Property	178,012	40,000	4,464	19,621	-	1,714	-	-	243,811	17%	-
T.D. Reid Chief Financial Officer	173,445	30,000	-	13,701	-	2,157	-	-	219,303	15%	-
S. Boys General Manager - Administration & Risk	171,884	50,000	-	17,654	-	2,120	-	-	241,658	22%	-
I. Giles General Manager - Products and Distribution	209,642	95,000	-	20,040	-	1,469	-	-	326,151	30%	-
Sub-total executives	**1,141,844**	**375,000**	**7,254**	**109,214**	**-**	**10,131**	**-**	**165,000**	**1,808,444**		
Totals	**1,719,529**	**505,000**	**11,718**	**163,905**	**111,343**	**12,350**	**-**	**165,000**	**2,688,845**		

REMUNERATION REPORT (audited)

Employment Contract

Managing Director

The Managing Director, Mr Martin, is employed under contract. The current employment contract commenced on 1 July 2006 and terminates on 30 June 2011, at which time OFG may choose to commence negotiations to enter into a new employment contract with Mr Martin. Under the terms of the present contract:

- Mr Martin receives fixed compensation of $370,000 per annum from 1 July 2006.
- OFG may terminate this employment contract by providing 6 months written notice or provide payment in lieu of the notice period.
- Mr Martin may resign from his position and thus terminate this contract by giving 6 months written notice.
- OFG may terminate the employment contract at any time without notice if serious misconduct has occurred. When termination with cause occurs the Managing Director is only entitled to remuneration up to the date of termination.

Pursuant to an employment contract, OFG has offered to the Managing Director options over a total of 900,000 ordinary shares of OFG. The options were granted within one month of approval at the AGM, are for a period of five years commencing 1 July 2006 and are exercisable progressively beginning on the first anniversary of the date of commencement as shown in Table 3. The options were issued at an exercise price of $2.00 and are subject to performance hurdles as shown at Table 4.

The Company will issue an additional 200,000 options (approved at the AGM) to be fully paid ordinary shares in the company at an exercise price of $2.00 on condition that Mr Martin serves the Company for the entire term, in which event the options will become exercisable on 1 July 2011 and lapse, if not exercised, on 31 December 2011. These additional options will not be subject to any EPS or TSR hurdles, in order to ensure total remuneration is competitive by market standards.

Table 3: Options subject to performance hurdles

Tranche	Grant date	Vesting date	Expiry date	No. of options EPS hurdles	No. of options TSR hurdles	TOTALS
First	(1)	1 July 2007	31 December 2011	22,500	22,500	45,000
Second	(1)	1 July 2008	31 December 2011	45,000	45,000	90,000
Third	(1)	1 July 2009	31 December 2011	67,500	67,500	135,000
Fourth	(1)	1 July 2010	31 December 2011	112,500	112,500	225,000
Fifth	(1)	1 July 2011	31 December 2011	202,500	202,500	405,000
						900,000

(1) The grant date approved at the AGM was 1 July 2006.

An option "vests" when, during the currency of the contract, the performance hurdles in respect of the option have been satisfied. The options granted are in 5 tranches, each with separate performance hurdles that must be met for the vesting to take place. Half the options in each tranche are conditional on the Company meeting certain EPS (Earnings per share) hurdles for the relevant financial year and the other half for each tranche are conditional on the Company meeting certain TSR (Total shareholder return) hurdles as detailed below.

Table 4: Performance hurdles - EPS and TSR

	EPS		TSR	
Band	EPS annual growth	% of options	TSR Compared to index	% of options in relevant half tranche that vest
Band 0	less than 8%	0%	less than	0%
Band 1	8 - 8.99%	20%	80-89%	20%
Band 2	9 - 9.99%	40%	90-99%	40%
Band 3	10 - 10.99%	60%	100-109%	60%
Band 4	11 - 11.99%	80%	110-119%	80%
Band 5	12% or over	100%	120% or	100%

Other executives (standard contracts)

All executives are employed under contract. The company may terminate the executive's employment agreement by providing 1- 6 months written notice or providing payment in lieu of the notice period (based on the Total Fixed Compensation package). On termination on notice by the company, the treatment of the unvested and vested LTI performance rights are detailed in the Performance Rights Plan Guidelines and Rules.

Upon a participant's termination of employment with OFG, the unvested and vested performance rights of the participant will be dealt with as specified in the table below.

Type of termination	Unvested rights	Vested rights
Redundancy or retrenchment	Lapse after 12 months from date of termination of employment. Rights retain ability to be tested and if they become vested, exercisable.	Lapse after 60 days from the date termination of employment takes effect.
Special circumstances (Death or disability)	Lapse	Lapse after 180 days from the date termination of employment takes effect.
Dismissal for serious misconduct (eg. Fraud)	Lapse	Lapse from the date termination of employment takes effect.
Termination in any other instance (eg. Resignation)	Lapse	Lapse from the date termination of employment takes effect.

REMUNERATION REPORT (audited)

Table 5: During the period the following performance rights were issued :

30 June 2007	Tranche	Granted No.		Grant date	Rights fair value	Rights fair value including market hurdle	Expiry date	First exercise date	Vested	
		EPS	TSR		EPS	TSR			No.	%
C.R. Martin *	Tranche 1	6,970	6,970	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	12,255	12,255	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	12,868	12,868	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
C.A. Jones	Tranche 1	11,563	11,563	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	12,562	12,562	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	14,093	14,093	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
	Tranche 4	10,177	10,177	1 July 2006	$1.88	$1.13	30 June 2010	30 June 2010		
T.D. Reid	Tranche 1	9,381	9,381	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	10,141	10,141	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	10,723	10,723	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
	Tranche 4	6,637	6,637	1 July 2006	$1.88	$1.13	30 June 2010	30 June 2010		
I.M Giles **	Tranche 1	-	-		-	-	-	-	-	-
	Tranche 2	8,088	8,088	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	14,093	14,093	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
	Tranche 4	12,721	12,721	1 July 2006	$1.88	$1.13	30 June 2010	30 June 2010		
A. Nicu	Tranche 4	4,425	4,425	1 July 2006	$1.88	$1.13	30 June 2010	30 June 2010	-	-
Total		156,697	156,697						-	

The rights have no exercise price. See note 30 for further details.

* These were allocated to Mr Martin prior to his appointment as Managing Director on 28 June 2006. Since his appointment as Managing Director, C. Martin was not entitled to performance rights for Tranche 4.

** Mr Giles left the Company on 30 June 2007 and the rights have lapsed.

30 June 2006	Tranche	Granted No.		Grant date	Rights fair value	Rights fair value including market hurdle	Expiry date	First exercise date	Vested	
		EPS	TSR		EPS	TSR			No.	%
C.R. Martin *	Tranche 1	6,970	6,970	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	12,255	12,255	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	12,868	12,868	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
C.A. Jones	Tranche 1	11,563	11,563	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	12,562	12,562	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	14,093	14,093	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
T.D. Reid	Tranche 1	9,381	9,381	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	10,141	10,141	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	10,723	10,723	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
A.G. Ongarello **	Tranche 1	-	-		-	-	-	-	-	-
	Tranche 2	11,593	11,593	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	14,093	14,093	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
S. R. Boys **	Tranche 1	8,073	8,073	26 May 2006	$2.22	$1.32	30 June 2010	30 June 2007	-	-
	Tranche 2	10,754	10,754	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	11,642	11,642	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
I.M Giles **	Tranche 1	-	-		-	-	-	-	-	-
	Tranche 2	8,088	8,088	26 May 2006	$2.12	$1.27	30 June 2010	30 June 2008	-	-
	Tranche 3	14,093	14,093	26 May 2006	$2.03	$1.18	30 June 2010	30 June 2009	-	-
Total		178,892	178,892						-	

* These were allocated to Mr Martin prior to his appointment as Managing Director on 28 June 2006.

** Mr Ongarello resigned in August 2006, Mr Boys resigned in December 2006 and Mr Giles was made redundant in June 2007 and their rights have all lapsed.

REMUNERATION REPORT (audited)
Table 6: Rights holding as part of remuneration:

30 June 2007	Tranche	Beginning No.	Granted No.		Exercised	Balance at end	Exercisable	Not exercised
			EPS	TSR				
C.R. Martin *	Tranche 1	13,940	-	-	-	13,940	-	13,940
	Tranche 2	24,510	-	-	-	24,510	-	24,510
	Tranche 3	25,735	-	-	-	25,735	-	25,735
C.A. Jones	Tranche 1	23,126	-	-	-	23,126	-	23,126
	Tranche 2	25,124	-	-	-	25,124	-	25,124
	Tranche 3	28,186	-	-	-	28,186	-	28,186
	Tranche 4	-	10,177	10,177	-	20,354	-	20,354
T.D. Reid	Tranche 1	18,762	-	-	-	18,762	-	18,762
	Tranche 2	20,282	-	-	-	20,282	-	20,282
	Tranche 3	21,446	-	-	-	21,446	-	21,446
	Tranche 4	-	6,637	6,637	-	13,274	-	13,274
A. Nicu	Tranche 1	-	-	-	-	-	-	-
	Tranche 2	8,824	-	-	-	8,824	-	8,824
	Tranche 3	11,275	-	-	-	11,275	-	11,275
	Tranche 4	-	4,425	4,425	-	8,850	-	8,850
I.M Giles **	Tranche 1	-	-	-	-	-	-	-
	Tranche 2	16,176	-	-	-	16,176	-	16,176
	Tranche 3	28,186	-	-	-	28,186	-	28,186
	Tranche 4	-	12,721	12,721	-	25,442	-	25,442
Total		265,572	33,960	33,960	-	333,492	-	333,492

* These were allocated to Mr Martin prior to his appointment as Managing Director on 28 June 2006.
**Mr Giles left the Company on 30 June 2007 and the rights have lapsed.

REMUNERATION REPORT (audited)

Table 6: Rights holding as part of remuneration:

30 June 2006	Tranche	Beginning No.	Granted No. EPS	Granted No. TSR	Exercised	Balance at end	Exercisable	Not exercised
C.R. Martin *	Tranche 1	-	6,970	6,970	-	13,940	-	13,940
	Tranche 2	-	12,255	12,255	-	24,510	-	24,510
	Tranche 3	-	12,868	12,868	-	25,735	-	25,735
C.A. Jones	Tranche 1	-	11,563	11,563	-	23,126	-	23,126
	Tranche 2	-	12,562	12,562	-	25,124	-	25,124
	Tranche 3	-	14,093	14,093	-	28,186	-	28,186
T.D. Reid	Tranche 1	-	9,381	9,381	-	18,762	-	18,762
	Tranche 2	-	10,141	10,141	-	20,282	-	20,282
	Tranche 3	-	10,723	10,723	-	21,446	-	21,446
A.G. Ongarello **	Tranche 1	-	-	-	-	-	-	-
	Tranche 2	-	11,593	11,593	-	23,186	-	23,186
	Tranche 3	-	14,093	14,093	-	28,186	-	28,186
S. R. Boys **	Tranche 1	-	8,073	8,073	-	16,146	-	16,146
	Tranche 2	-	10,754	10,754	-	21,508	-	21,508
	Tranche 3	-	11,642	11,642	-	23,284	-	23,284
I.M Giles **	Tranche 1	-	-	-	-	-	-	-
	Tranche 2	-	8,088	8,088	-	16,176	-	16,176
	Tranche 3	-	14,093	14,093	-	28,186	-	28,186
Total		-	178,892	178,892	-	357,783	-	357,783

* These were allocated to Mr Martin prior to his appointment as Managing Director on 28 June 2006.

** Mr Ongarello resigned in August 2006, Mr Boys resigned in December 2006 and Mr Giles was made redundant in June 2007 and their rights have all lapsed.

REMUNERATION REPORT (audited)

The proportion of Rights that vest at the end of the relevant performance period will be determined by the Company's performance measured in terms of EPS and Total Shareholder Return (TSR), ranked against the ASX Financial (excluding Property Trusts) Accumulation Index.

Table 7:

EPS performance criteria

EPS is based on normalised operating earnings before tax. The EPS performance hurdle and subsequent percentages of the rights that become exercisable depend on the following vesting scale:

- If OFG achieves less than 10% growth in EPS per annum, no Rights vest.
- If OFG achieves 10% growth in EPS or greater, 70% of Rights vest.
- If OFG achieves 11% growth in EPS or greater, 80% of Rights vest.
- If OFG achieves 12% growth in EPS or greater, 90% of Rights vest.
- If OFG achieves 13% growth in EPS or greater, 100% of Rights vest.

Total Shareholders Return (TSR) Performance criteria

The TSR performance hurdles and percentages of the Rights that become exercisable upon meeting the performance hurdle are as follows:

- If TSR rank is less than the index, no Rights vest.
- If TSR rank is equal to or greater than the index, all Rights vest.

Fair market value

Fair market value is the price that would be negotiated at the valuation dates in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

The fair market value of the Rights at the valuation dates are set out below:

Tranche	Grant date	Rights fair value including market hurdle (TSR)	Rights fair value (EPS)
1	26 May 2006	$1.32	$2.22
2	26 May 2006	$1.27	$2.12
3	26 May 2006	$1.18	$2.03
4	1 July 2006	$1.13	$1.88

The valuation approach employed is an adjusted form of the Black- Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation analysis. The Monte Carlo simulation option pricing model has been modified to incorporate an estimate of the probability of achieving the TSR hurdle.

The Monte Carlo model is based on the assumption that share price movements are log normally distributed, a similar assumption that underpins the BSM.

The BSM takes into account the following factors:

- The rights have no exercise price;
- The time to expiry for the Rights accords with their respective vesting dates;
- The price of the underlying shares at grant date ($2.34);
- The expected volatility of the share price (28%);
- The dividend yield expected on the shares (4.7%); and
- The risk-free interest rate for the life of the rights (5.1%).

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Auditor's Independence Declaration to the Directors of Over Fifty Group Limited

In relation to our audit of the financial report of Over Fifty Group Limited for the financial year ended 30 June 2007, 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

J Lonergan

Joanne Lonergan
Partner
27 August 2007

Liability limited by a scheme approved under
Professional Standards Legislation

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
STATEMENT OF CORPORATE GOVERNANCE PRACTICES
FOR THE YEAR ENDED 30 JUNE 2007

This statement sets out the ten core principles identified by the ASX Corporate Governance Council ("the Council") as underlying good corporate governance, discloses the extent to which Over Fifty Group Limited ("OFG") has complied with the Council's recommendations for the year ended 30 June 2007 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 OFG's website http://www.overfifty.com.au/. The statement on our website provides further detail on OFG's approach to each of the ten core principles.

With the exception of Recommendation 9.4, OFG considers its governance practices are consistent with each of the Council's recommendations and the spirit of the guidance to each recommendation throughout the 2006/07 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 OFG's website.

The Corporate Governance Statement posted on OFG's website outlines the role of the Board, the Chief Executive Officer ("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 and term of office. The directors seek to ensure the Board consists of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate OFG's business with excellence. The number of directors is limited by OFG'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 2006/07 year the Board has consisted of a majority of directors who are non-executive and independent as per independence criteria set out in the Board Charter. The directors deemed to be independent are identified in the Directors' Report in the Annual Report. Directors are required to disclose at each Board meeting any interests that may affect their independence.

Independence criteria

The OFG 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 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 OFG 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 OFG or any of its related body corporates;

ii) A family member of the director is an employee of OFG 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 principal 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.

Where a vacancy exists or is expected to arise, directors are selected in accordance with documented procedures which have been posted on the Corporate Governance page of OFG's website.

The Board also reviews its composition on an ongoing basis and from time to time may determine that additional directors be appointed.

Each director is appointed in accordance with the documented procedures posted on the Corporate Governance page of OFG's website.

Independent professional advice

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

Recommendation 2.2: The chairperson should be an independent director.

OFG's current chairman is an independent director.

Recommendation 2.3: The roles of 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 CEO/Managing Director are not performed by the same person.

A Statement of Position Authority is in place for the CEO/Managing Director which details the responsibilities and authorities for that position.

Recommendation 2.4: The board should establish a nomination committee.

One of the three committees established by the Board is the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of three or more directors, all of whom are independent. The Directors' 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 the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:

- **the practices necessary to maintain confidence in the company's integrity**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

The Board has established a Director and Employee 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 Director and Employee Code of Conduct is posted on the Corporate Governance page of OFG'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 posted on the Corporate Governance page of OFG's website.

PRINCIPLE 4: Safeguard integrity in financial reporting

Recommendation 4.1: Require 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/Managing Director 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 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 & Compliance Committee has all times during the 2006/07 year consisted of three or more directors, all of whom are non-executive, independent directors. The Audit, Risk Management & Compliance Committee has an independent chairperson, who is not chairperson of the Board.

The Directors' Report in this Annual Report details the membership of the Audit, Risk Management & 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 which is posted on the Corporate Governance page of OFG'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 OFG'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 management level for that compliance.

The Board has established written policies and procedures on information disclosure. The Corporate Governance Statement posted on OFG's website provides a summary of OFG'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 OFG's website provides a summary of OFG'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 OFG's practice that the external auditor partner be present at the Annual General Meeting 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 OFG's 2006 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 for risk management AS/NZS 4360:2004. OFG's Risk Management Policy is reviewed regularly by management and by the internal audit function. The Corporate Governance Statement posted on OFG's website provides a summary of OFG's Risk Management Policy.

Recommendation 7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

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/Managing Director 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.

An evaluation of the Board and its Committees was conducted for the 2006/07 financial year.

The Board convened to review and assess its performance for the 2006/07 financial year. Detailed consideration was given to the following areas:

- The Board's composition, including the skill, knowledge and experience contributed by individual directors.
- The operations and effectiveness of the Board and its Committees.
- Decision making processes, including agendas, frequency of meetings and content of papers.
- Communications between Board and executives.
- Determination of company strategy.
- The Board's policies for renewal.

The role and contribution of the Chairman of the Board and of each Board committee is reviewed by the Board. The contribution of each individual director for the 2006/07 financial year was also reviewed by the Board and the Chairman.

The performance of the CEO/Managing Director is reviewed periodically by the Board Nomination and Remuneration Committee and the Board. This assessment is made against pre-determined criteria including Key Performance Indicators relating to OFG's performance as determined in OFG's Strategic Plan.

The assessment of key executives is undertaken periodically by the CEO/Managing Director in accordance with OFG's performance appraisal procedures and reported to the Board.

PRINCIPLE 9: Remunerate fairly and responsibly

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

The Board has established remuneration policies for employees and non-executive directors. OFG recognises the important role people play in the achievement of its long-term objectives and as a key determinant of competitive advantage. To grow and be successful, OFG 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 OFG.

Recommendation 9.2: The board should establish a remuneration committee.

One of the three committees established by the Board is the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consists of three or more directors, all of whom are independent. The Directors' Report in this 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-executive directors' remuneration from that of executives.

The Board has established a policy relating to the remuneration of non-executive directors. OFG pays non-executive directors fees at a level which is sufficient to attract individuals 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.

Executive directors are paid a salary commensurate with their position and responsibilities and at a level which attracts high calibre executives with appropriate skills and experience. Executive directors also participate in OFG's long-term and short-term incentive plans.

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

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

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

Long-term equity-based remuneration is provided to employees under the Group's Performance Rights Plan, which was approved by shareholders at the 2003 Annual General Meeting.

Rights were issued for the first time under that Plan in the 2005/2006 financial year. Rights that were referrable to employment in the 2004/2005 financial year have performance measurement periods that are shorter than those originally contemplated in the Explanatory Memorandum provided to shareholders at the time of approval of the Performance Rights Plan. The Board determined to adopt the shorter performance measurement period on an exceptional basis because the rights referred to prior years' service. Rights referrable to subsequent and current years' service have performance measurement periods that are consistent with those described in the Explanatory Memorandum.

Short-term incentives may be paid by way of bonus in either cash and/or shares. The method of payment of the bonus is determined on an annual basis having regard to the profitability, capital management and other objectives of OFG.

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, when aggregated with shares issued over the previous 5 years under any employee share plan or any that are to be vested under the long-term incentive plan.

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.

Each of the directors appointed to the Board prior to 30 June 2004 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. OFG will contribute statutory superannuation for directors appointed after 30 June 2004. Full details 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 Director and Employee Code of Conduct is posted on the Corporate Governance page of OFG's website.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2007

In accordance with a resolution of the Directors of Over Fifty Group Limited , we state that:

(1) In the opinion of the Directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, 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 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian 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 year ended 30 June 2007.

On behalf of the Board

M.G. CHESSELL
Chairman

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

Melbourne
27 August 2007

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
Interest and dividends		84,709	67,513	7,524	14,369
Management fees		25,818	17,464	-	-
Rental income		3,115	4,628	-	-
Revenue	3(i)	113,642	89,605	7,524	14,369
Other income	3(ii)	33,260	27,999	51	70
Employee benefits expenses	3(v)	(10,987)	(7,204)	(5,424)	(2,748)
Marketing and advertising expenses	3(v)	(4,067)	(3,403)	(859)	(279)
Corporate expenses	3(v)	(4,003)	(3,550)	(2,059)	(1,699)
Administration and funds management expenses	3(v)	(4,803)	(4,457)	-	-
Other expenses	3(v)	(86,170)	(69,170)	(1,493)	(844)
Finance costs	3(iv)	(11,978)	(6,139)	(1,578)	(735)
Share of profit in associate	3(iii)	2,453	2,236	-	-
Profit/(Loss) before income tax expense (including the benefit funds)		**27,347**	**25,917**	**(3,838)**	**8,134**
Income tax (expense)/benefit relating to shareholders		(5,385)	(3,599)	2,159	284
Income tax (expense)/benefit relating to benefit funds		(14,392)	(15,013)	-	-
Total Income tax (expense)/benefit	4	(19,777)	(18,612)	2,159	284
Profit attributable to members of OFG Limited		**7,570**	**7,305**	**(1,679)**	**8,418**
Basic earnings per share (cents per share)	5	13.0	14.0		
Diluted earnings per share (cents per share)	5	13.0	14.0		

The above income statement should be read in conjunction with the accompanying notes.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES

BALANCE SHEET
AS AT 30 JUNE 2007

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	23	50,159	84,728	1,427	30,979
Trade and other receivables	6	18,312	29,427	54,096	61,638
Financial assets	7	569,982	590,182	55	55
Other financial assets	7	139,886	144,101	-	-
Investment properties - held for sale	10	-	24,000	-	-
Related party tax receivable	4	-	-	2,602	4,690
Other current assets	8	1,722	1,192	253	488
Total Current Assets		780,061	873,631	58,433	97,850
NON-CURRENT ASSETS					
Other financial assets	7	162,800	91,056	52,864	9,707
Investment in associates using the equity method	9	28,619	23,423	2,607	-
Investment properties	10	35,074	31,952	-	2,410
Plant and equipment	11	748	487	240	150
Deferred tax assets	4	3,181	1,878	275	496
Goodwill	12	43,297	1,082	-	-
Total Non-Current Assets		273,719	149,878	55,986	12,763
TOTAL ASSETS		1,053,780	1,023,509	114,419	110,613
CURRENT LIABILITIES					
Trade and other payables	13	7,022	6,684	1,119	3,943
Income tax payable	4	5,035	171	3,627	3,495
Interest-bearing liabilities	14	20,738	34,070	12,800	12,200
Provisions	15	488	399	488	399
Derivative financial instruments	25	1,178	-	-	-
Policyholders funds	16	785,192	838,925	-	-
Total Current Liabilities		819,653	880,249	18,034	20,037
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	14	125,448	49,748	-	-
Provisions	15	138	152	51	-
Deferred tax liabilities	4	3,819	2,818	-	-
Total Non-Current Liabilities		129,405	52,718	51	-
TOTAL LIABILITIES		949,058	932,967	18,085	20,037
NET ASSETS		**104,722**	**90,542**	**96,334**	**90,576**
EQUITY					
Issued capital	17	87,783	73,121	87,783	73,121
Reserves	17	(535)	23	292	23
Retained earnings	17	17,474	17,398	8,259	17,432
		104,722	90,542	96,334	90,576
TOTAL EQUITY		**104,722**	**90,542**	**96,334**	**90,576**

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		44,995	45,751	2,519	5,614
Dividends received		-	-	3,358	9,089
Rent and other income received		61,204	9,941	52	70
Management fees received		25,818	17,464	-	-
Redemption paid from bonus funds (with DPF)		(99,547)	(77,762)	-	-
Redemption paid from unit linked funds (no DPF)		(38,982)	(13,564)	-	-
Applications received by unit linked funds (no DPF)		29,247	18,745	-	-
Applications received by bonus funds (with DPF)		15,577	14,094	-	-
Cash paid to suppliers & employees		(57,051)	(33,700)	(10,627)	(6,441)
Income tax paid		(15,174)	(23,154)	4,233	(1,111)
Net cash flows from/(used in) operating activities	23	(33,913)	(42,185)	(465)	7,221
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for investment properties		(24,099)	(17,549)	(22,422)	(2,410)
Purchase of plant and equipment		(318)	(129)	(226)	(38)
Proceeds from disposal of plant and equipment		95	-	-	-
Proceeds from sale of investment property		49,206	36,630	24,835	-
Acquisition of subsidiaries net of cash acquired	28	(26,549)	(812)	(27,402)	(1,030)
Proceeds from disposal of investments in managed funds		-	20,232	-	20,232
Investment in other financial assets		(49,249)	(6,696)	(160)	-
Payment for investment in associated entities		(2,607)	(7,760)	(2,607)	-
Net cash flows from/(used in) investing activities		(53,521)	23,916	(27,982)	16,754
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		269	-	269	-
Loans from/(to) related entities		(1,437)	-	6,360	(23,224)
Proceeds from borrowings		76,318	55,863	600	12,201
Repayment of borrowings		(13,950)	(13,630)	-	-
Dividends and distributions paid		(8,335)	(4,233)	(8,335)	(4,076)
Net cash flows from/(used in) financing activities		52,865	38,000	(1,106)	(15,099)
Net increase/(decrease) in cash and cash equivalents		(34,569)	19,731	(29,552)	8,876
Cash and cash equivalents at the beginning of period		84,728	64,997	30,979	22,103
Cash and cash equivalents at end of period	23	50,159	84,728	1,427	30,979

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED				PARENT			
	Attributable to equity holders of the parent				Attributable to equity holders of the parent			
	Issued Capital	Retained Earnings	Reserves	Total	Issued Capital	Retained Earnings	Reserves	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2005	71,490	15,800	-	87,290	71,490	14,721	-	86,211
Total income and expenses for the period recognised directly in equity	-	-	-	-	-	-	-	-
Profit for the period	-	7,305	-	7,305	-	8,418		8,418
Total income / expenses for the period	-	**7,305**	-	**7,305**	-	**8,418**	-	**8,418**
Issue of share capital Dividend Reinvestment Plan	1,631	-	-	1,631	1,631	-	-	1,631
Executive share based incentives	-	-	23	23	-	-	23	23
Equity dividends	-	(5,707)	-	(5,707)	-	(5,707)	-	(5,707)
As at 30 June 2006	**73,121**	**17,398**	**23**	**90,542**	**73,121**	**17,432**	**23**	**90,576**
As at 1 July 2006	73,121	17,398	23	90,542	73,121	17,432	23	90,576
Benefit earned from share transfer	-	4,053	-	4,053	-	4,053	-	4,053
Net loss on cash flow hedge reserve	-	-	(827)	(827)	-	-	-	-
Total income and expenses for the period recognised directly in equity	-	**4,053**	**(827)**	**3,226**	-	**4,053**	-	**4,053**
Profit/(Loss) for the period	-	7,570	-	7,570	-	(1,679)	-	(1,679)
Total income / expenses for the year	-	**11,623**	**(827)**	**10,796**	-	**2,374**	-	**2,374**
Issue of share capital Dividend Reinvestment Plan	3,213	-	-	3,213	3,213	-	-	3,213
Shares issued on exercise of options	202	-	-	202	202	-	-	202
Shares issued for purchase of Century Funds Management	11,180	-	-	11,180	11,180	-	-	11,180
Executive share based incentives	-	-	269	269	-	-	269	269
Employee share scheme	67	-	-	67	67	-	-	67
Equity dividends	-	(11,547)	-	(11,547)	-	(11,547)	-	(11,547)
As at 30 June 2007	**87,783**	**17,474**	**(535)**	**104,722**	**87,783**	**8,259**	**292**	**96,334**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1 CORPORATE INFORMATION

The financial report of Over Fifty Group Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 20 August 2007. Over Fifty Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

The financial report has also been prepared on the basis of historical cost, except for investment properties and those financial assets and liabilities which have been valued at fair value through the income statement, and 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 Over Fifty Group Limited and the consolidated accounts of the consolidated entity. The accounting policies have been applied on a consistent basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Except for the amendments to AASB 101 *Presentation of Financial Statements* and AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments*, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. These are outlined in the table below.

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard *	Application date for Group
2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 January 2007	1 July 2007
2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]. This addresses whether certain types of share-based payment transactions with employees (or other suppliers of good and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2 Share-based Payment. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	This is consistent with the Group's existing accounting policies for share-based payments ,so the standard is not expected to have any impact on the Group's financial report.	1 March 2007	1 July 2007
2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]	The Group currently has no service concession arrangements or public-private-partnerships (PPP), so the standard is not expected to have any impact on the Group's financial report.	1 January 2008	1 July 2008

(b) Statement of Compliance (continued)

AASB Amendment	Affected Standard(s)	Nature of change to accounting policy	Application date of standard *	Application date for Group
2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the standard is expected to have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than that currently reported under AASB 114 *Segment Reporting*.	1 January 2009	1 July 2009
2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138 and Interpretations 1 & 12]]	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 January 2009	1 July 2009
2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1 July 2007	1 July 2007
New/revised standard	AASB 7: Financial Instruments Disclosures	Refer to AASB 2005-10 above	1 January 2007	1 July 2007
	AASB 8: Operating Segments	Refer to AASB 2007-3 above.	1 January 2009	1 July 2009
AASB Interpretation 10	Interim Financial Reporting and Impairment	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Group's financial report.	1 November 2006	1 July 2007

* Application date is for the annual reporting periods beginning on or after the date shown in the above table.

The following amendments are not applicable to the Group and therefore have no impact.

AASB Amendment	Affected Standard(s)
AASB 2007-2	Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]
AASB Interpretation 12	Service Concession Arrangements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of Consolidation

The consolidated financial report is that of the consolidated entity, comprising Over Fifty Group Limited (the parent company) and the entities it controlled at the end of the financial year. 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 total assets and liabilities and income and expenses of the benefit funds of the Over Fifty Mutual Friendly Society Limited ("the Society"), are recognised in the financial statements.

The benefit fund operations of the company comprise the issue and administration of contracts governed under the Life Insurance Act 1995 (Life Act). For the purposes of the financial statements these are classified as either benefit funds with discretionary participation features (bonus funds) or benefit funds without discretionary participation features (unit linked funds).

Within the bonus funds, annual bonus rates are declared by the company with guidance of the Appointed Actuary and within the restrictions pursuant to the Life Act; this is considered a discretionary participation feature (DPF) and cause these funds to meet the definition of life insurance contracts under AASB 1038 Life Insurance Contracts.

The value of policyholders funds in the unit linked funds is solely dependent on the market valuation of the underlying assets, therefore, there is no discretionary participation feature and these funds do not meet the definition of life insurance contracts under AASB 1038 Life Insurance Contracts.

The company derives fee income from the administration of the benefit funds. For the purposes of this financial report, holders of both bonus and unit linked funds are referred to as policyholders.

Monies held in the benefit funds are subject to distribution and transfer restrictions pursuant to the Life Act.

Where control of an entity was obtained during the year, its results have been included in the consolidated financial statements from the date on which control commenced. Where control of an entity ceases during the year, its results are included for that part of the year during which control existed.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

OFG has majority representation on the Board of The Over Fifty Guardian Friendly Society Limited ("Guardian"). However, as Guardian is a mutual organisation, OFG 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Operating lease commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill

The Group determines whether goodwill with an indefinite useful life is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill with an indefinite useful life is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 12.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using an adjusted form of the Black-Scholes Option Pricing Model (BSM) that includes a Monte Carlo Simulation analysis, using the assumptions detailed in note 30.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 30.

(iii) Summary of significant actuarial methods and assumptions

A Financial Condition Report is being prepared by the Society's Appointed Actuary, Mr Guy Thorburn. This report covers benefit fund liabilities and prudential reserves. The effective date of the report is 30 June 2007.

The amount of the benefit fund liabilities has been determined in accordance with the methods and assumptions disclosed in this Financial Condition Report.

Policy liabilities for benefit funds, other than the Funeral Benefit Fund, are valued using the accumulation method and are equal to the contributions made by members, net of fees, together with bonus additions to date. The balance of the fund is the unvested policyholder benefit liabilities (or surplus). Each year's bonus declaration results in a movement from unvested policyholder benefit liabilities to the vested policy liability. The bonus rate is subject to the amount vesting being no more than the distributable portion of unvested policyholder benefit liabilities.

For the Funeral Benefit Fund, the policy liability has been taken to be the value of assets of the fund net of other liabilities less the value of the current period bonus. This liability represents the present value of guaranteed benefits (pre bonus) plus the present value of future bonuses. Following declaration of the bonus, there would then be no surplus under this arrangement. The Society currently expects to deduct 1.655% of the fund's assets from investment earnings for expense allowances. It has been assumed that interest will be earned in future years at rates after tax sufficient at least to meet this level of expense.

The main variables that determine the bonus rate for a benefit fund are the value of the net assets of each benefit fund at the end of the year, the amounts standing to the credit of each investment account through the previous year and the investment return (net of fees and taxes where applicable) earned by the fund throughout the year. The excess of the net assets of the benefit fund over the liabilities after meeting the prudential standards is the surplus that is generally able to be distributed to members as a bonus.

There is no provision in the funds' rules for any surplus to be transferred to the Management Fund. The Management Fund receives specified fee transfers from the funds to cover expenses. All remaining assets are to be used to provide benefits to members. Hence there is no profit and consequently, no need for a profit carrier.

Changes in economic conditions and demographics will alter the unallocated surplus. The Capital Requirements, as set by APRA, are designed to ensure there is sufficient unallocated surplus to cover the effect of these changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(f) Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less allowance for uncollectible amounts. Receivables are reviewed regularly for objective evidence that collection of the full amount is no longer probable. Bad debts are written-off when identified. Receivables from related parties are recognised and carried at the nominal amount due.

(g) Financial assets

Financial assets at fair value through the profit and loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss' and are accounted for on trade date. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives such as interest rate swaps are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Changes in fair value of investments
Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

Other financial assets
Other financial assets comprise mortgages. Mortgages are held at amortised cost using the effective yield method. A provision for doubtful debts is made at year end for specific amounts when there is objective evidence that collection of the full amount is no longer probable. Bad debts are written-off when identified.

De-recognition of a financial asset

Financial assets are derecognised when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party. Any gains or losses on de-recognition are taken to the income statement in the period they arise.

(h) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of interest rate swaps are determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

(i) fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;

(ii) cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction; or

(iii) hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objectives and strategies for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair values or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash Flow Hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the profit and loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit and loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(i) Investment properties

Investment properties are held to earn rentals and / or for capital appreciation rather than for use in supply of services or sale in the ordinary course of business.

Investment properties are valued initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, determined by annual independent valuations. Gains or losses arising from changes in the fair value of the investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in the year of derecognition.

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

(j) Investments in associates using the equity method

The Group's investments in Mortgageport Management Pty Limited and Over Fifty Direct Property Trust are accounted for using the equity method of accounting in the consolidated financial statements. These are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

The financial statements of the associates are used by the Group to apply the equity method. The reporting dates of the associates and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. The investment in the associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method the investment is reviewed to determine whether it is necessary to recognise any additional impairment loss. The consolidated income statement reflects the Group's share of the results of operations of the associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated statement of changes in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Plant and equipment

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	*3-15 years*

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

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date and when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the other income item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

De-recognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

(l) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the costs of the business combination over the acquiree's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

° represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

° is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Management fees:
Management fees are recognised in the month they are earned.

Interest:
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends:
Revenue is recognised when the shareholders' right to receive the payment is established.

Rental income:
Rental income arising on investment properties is accounted for on a straight-line basis over the lease term.

(n) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Operating leases are novated motor vehicle leases that have been provided as part of salary packaging, and lease of office premises.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(o) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax and other taxes

(i) Income Tax

Income tax in the Income Statement comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax for the period is the expected tax payable on the current period's taxable income based on the current income tax rates enacted at the balance sheet date and any adjustments to the tax payable from prior years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences at the balance sheet date between the tax bases of assets and liabilities for taxation purposes and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The Benefit Funds are part of the tax consolidated group, they are allocated a share of the income tax liability attributable to the Over Fifty Mutual Friendly Society Limited equal to the income tax liability that would have arisen to the Benefit Funds had they been stand-alone.

Tax consolidation legislation

OFG Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. OFG and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. In addition to its own current and deferred tax amounts, OFG also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(ii) 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 part of the cost of acquisition of the asset or part of the expense item as applicable; 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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 is classified as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Interest-bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method, amortised cost is calculated by taking into account any issue costs.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(r) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(s) 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.

(t) 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.

(i) Wages, salaries and annual 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 and recognised in other payables in respect of employees' service up to the reporting date. They are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Contributed equity

Issued and paid up capital, which includes ordinary shares, 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.

(v) Solvency and Capital Adequacy

Friendly Societies are required to hold prudential reserves over and above their policy liabilities, as a buffer against adverse experience and poor investment returns. The minimum level of reserves required to be held is laid down by the *Life Insurance Act 1995* and accompanying actuarial standards. These standards are Actuarial Standard 2.03 and 3.03. These standards have been met as at 30 June 2007.

(w) Product classification

The accounting treatment of certain transactions varies depending on the nature of the contract underlying the transaction. The major contract classifications are insurance contracts and investment contracts.

Insurance contracts:

Insurance contracts are those containing significant risk at the inception, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period.

Investment contracts:

Contracts not considered insurance contracts are classified as investment contracts. The accounting treatment of investment contracts depends on whether the investment has a discretionary participation feature (DPF). DPF means a contractual right to receive, as a supplement to guaranteed benefits, additional benefits:

(a) that are likely to be a significant portion of the total contractual benefits;
(b) whose amount or timing is contractually at the discretion of the issuer; and
(c) that are contractually based on:
  - (i) the performance of a specified pool of contracts or a specified type of contract;
  - (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - (iii) the profit or loss of the company, fund or other entity that issues the contract.

Applications and redemptions on investment contracts with DPF are accounted for through the income statement. The gross change in the liability to these policyholders for the period, which includes any participating benefits vested in policyholders and any undistributed surplus attributed to policyholders, is recognised in the income statement.

Applications and redemptions on investment contracts without DPF are accounted for through the balance sheet as a movement in policyholder liabilities. Distributions on these contracts are charged to the income statement as a movement in the policyholder liability. Premiums relating to the investment component are accounted for as a deposit through the balance sheet.

(x) Policyholders' funds

Assets held by the benefit funds are included in total assets in the Balance Sheet of the group in accordance with AIFRS. A corresponding liability labelled "policyholders' funds" is shown in total liabilities in the Balance Sheet. Note 16 shows the movement in bonus funds (with DPF) and unit linked funds (without DPF).

The liability to bonus fund policyholders is closely linked to the performance and value of the assets (after tax) that back those liabilities. The fair value of such liabilities is therefore the same as the fair value of those assets after tax, on the basis charged to policyholders. In accordance with the rules of the funds, any remaining surplus is attributed to the policyholders of the fund. In accordance with AASB1038 Life Insurance Contracts applications to these funds are recorded as income, redemptions from these funds and amounts distributable to policyholders are recorded as expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Policyholders' funds (continued)

The policyholder funds liabilities for unit linked funds are equal to the number of units held, multiplied by the unit redemption price based on market value of the fund's investments as at the valuation date. Applications to these funds are not recorded as income, redemptions from these funds are not recorded separately as expenses, but amounts distributable to policyholders are recorded as an expense. No guarantees are provided by the Society in respect of the unit linked funds.

Claims incurred in respect of the benefit funds represent investment withdrawals (redemptions) and are recognised as a reduction in policyholder liabilities. Redemptions in respect of bonus funds are also disclosed as an expense as set out above.

Amounts received in respect of the benefit funds represent investment deposits (applications) and are recognised as a increase in policyholder liabilities. Applications in respect of bonus funds are also disclosed as revenue as set out above.

Benefit fund expenses which are directly attributable to an individual policy or product are allocated directly to the benefit fund within which that class of business is conducted. The apportionment basis has been made in line with the principles set out in the Life Insurance Actuarial Standards Board (LIASB) Valuation Standard (Actuarial Standard AS1.04) and the apportionment is in accordance with Division 2 of Part 6 of the Life Act.

(y) Unit prices

Unit prices are determined in accordance with the fund's rules and are calculated as the net assets attributable to unit holders of the fund, divided by the number of units on issue.

	NOTE	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
3. REVENUE, INCOME AND EXPENSE ITEMS		$'000	$'000	$'000	$'000
(i) Revenue					
Interest and dividends received:					
- Parent and subsidiaries		10,662	5,967	7,524	14,369
- Benefit funds		74,047	61,546	-	-
Management fees from:					
- Related entity		2,354	2,046	-	-
- Policyholders of benefit funds		17,776	15,418	-	-
- Property		5,688	-	-	-
Rental income		3,115	4,628	-	-
Total Revenue		113,642	89,605	7,524	14,369

Note: The Parent's 2007 results do not include any accruals for dividends to be declared by the subsidiaries (2006: $5,707 million)

	CONSOLIDATED 2007	CONSOLIDATED 2006	PARENT 2007	PARENT 2006
(ii) Other income				
Gain on disposal of investment property	374	3,703	-	-
Unrealised Profit / (loss) on financial assets	470	(942)	-	-
Net (gain)/loss on financial assets	82	-	-	-
Unrealised Profit / (loss) on revaluation of investment property	3,855	2,307	-	-
Profit/(Loss) on sale of unit trusts	2,614	5,578	-	-
Applications - benefit funds with DPF	15,578	14,094	-	-
Property acquisition fees	5,169	-	-	-
Other income	5,118	3,259	51	70
Total other income	33,260	27,999	51	70
Total income	146,902	117,604	7,575	14,439
(iii) Share of profit in associate				
Share of profit in associate	2,453	2,236	-	-
(iv) Finance costs:				
Interest:				
- Bill facilities	7,614	2,634	928	272
- Other interest	55	139	-	-
	7,669	2,773	928	272
Other				
- Other finance costs	4,309	3,366	650	463
Total finance costs	11,978	6,139	1,578	735
(v) Expenses (excluding finance costs):				
Employee benefits expense:				
Wages and salaries	8,242	5,636	3,904	1,823
Bonus	566	524	424	524
Share based incentives	269	23	269	23
Superannuation	508	230	213	152
Increase /(decrease) in annual leave provision	27	43	2	(24)
Provision - long service leave	40	12	(7)	12
Other associated personnel expenses	1,335	736	619	238
Total employee benefits expense	10,987	7,204	5,424	2,748

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
(v) Expenses (excluding finance costs): (continued)				
Real Estate expenses	1,095	1,297	88	69
Minimum lease payments - operating leases	546	407	391	379
Depreciation and amortisation	465	341	173	116
Information systems expenses	337	255	88	54
Office administration expenses	701	488	227	197
Redemptions Expense Bonus funds (with DPF)	99,547	77,123	-	-
Net movement in bonus funds (with DPF)	(44,692)	(25,727)	-	-
Net movement in unit-linked funds (no DPF)	23,020	14,085	-	-
Bad debt expense	306	-	-	-
Other general expenses	4,845	901	526	29
	86,170	69,170	1,493	844
Marketing and advertising expenses	4,067	3,403	859	279
Corporate expenses	4,003	3,550	2,059	1,699
Administration and funds management expenses	4,803	4,457	-	-

4. INCOME TAX

(i) Income tax expense

The major components of income tax expense are:

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
Income Statement				
Current income tax				
Current income tax charge	19,608	18,353	(2,304)	(199)
Adjustments in respect of current income tax of previous years	118	253	34	(6)
Deferred income tax				
Origination and reversal of temporary differences	51	5	111	(78)
Income tax expense reported in income statement	19.777	18,612	(2,159)	(284)

(ii) Numerical reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
Profit/ (loss) before tax	27,347	25,917	(3,838)	8,134
Less tax relating to benefit funds included in profit before tax	(14,392)	(15,013)	-	-
Profit/(loss) before tax attributable to shareholders	12,955	10,904	(3,838)	8,134
Prima facie tax thereon at 30%	3,887	3,271	(1,151)	2,440
Tax effect of amounts which are not deductible (taxable) in:				
- Exempt income	-	(2,427)	-	-
- Inter-entity consolidated dividends	-	-	(1,007)	(2,727)
- Expenses relating to exempt income and non-allowable expenses	1,380	2,502	(34)	9
Under/(over) provision in prior year	118	253	34	(6)
Tax relating to benefit funds	14,392	15,013	-	-
Income tax expense reported in income statement	19,777	18,612	(2,159)	(284)
- Current tax provisions/(receivables)	5,035	171	1,025	(1,195)
- Related party tax receivable - Benefit Funds ^	-	-	(2,602)	(4,690)
- Related party tax provision - Benefit Funds ^	-	-	2,602	4,690

(ii) Numerical reconciliation of income tax expense to prima facie tax payable (continued)

^ As a result of tax consolidation, OFG recognises current tax related receivables and corresponding payables from its subsidiaries and the benefit funds. The amount is the net of tax provisions, deferred tax assets and deferred tax liabilities held by the benefit funds.

(iii) Deferred tax assets and liabilities (Balance Sheet)

Deferred tax assets and liabilities at 30 June are attributable to the following:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deferred income tax liabilities				
Deferred gains on other financial assets	2,517	2,263	-	-
Investment properties	1,240	459	-	-
Provisions and prepayments	62	59	-	-
Post employment benefits	-	6	-	-
Software deductions	-	30	-	-
Other	-	1	-	-
Total deferred tax liabilities	3,819	2,818	-	-
Deferred income tax assets				
Deferred losses on other financial assets	925	184	-	-
Post employment benefits	298	450	256	317
Future deductions under section 40-880 *	-	130	-	129
Provisions and prepayments	1,951	1,063	12	26
Software deductions	7	29	7	24
Other	-	22	-	-
Total deferred tax assets	3,181	1,878	275	496

* Future deductions already expensed for accounting purposes.

Deferred tax assets and liabilities (Income Statement)

Deferred tax assets and liabilities at 30 June are attributable to the following:

Deferred income tax liabilities				
Deferred gains on other financial assets	254	222	-	-
Investment properties	781	459	-	-
Provisions and prepayments	3	(45)	-	-
Post employment benefits	(6)	(108)	-	(9)
Software deductions	(30)	30	-	-
Other	(1)	(2)	-	(3)
Total deferred tax liabilities	1,001	556	-	(12)
Deferred income tax assets				
Deferred losses on other financial assets	388	(894)	-	(249)
Post employment benefits	(152)	416	(61)	283
Future deductions under section 40-880	(130)	124	(129)	123
Provisions and prepayments	888	911	(14)	26
Software deductions	(22)	29	(17)	24
Other	(22)	22	-	-
		-	-	-
Total deferred tax assets	950	608	(221)	207

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
(iv) Reconciliation of movement				
Deferred income tax assets				
Carrying amount at beginning of period	1,878		496	
Reversal of prior year temporary differences	(326)		(221)	
Origination and amounts arising during the year	1,629		-	
Carrying amount at end of period	3,181		275	
Deferred income tax liabilities				
Carrying amount at beginning of period	2,818		-	
Reversal and adjustments of prior year temporary differences	(37)		-	
Origination and amounts arising during the year	1,038		-	
Carrying amount at end of period	3,819		-	

* The deferred income tax liability in relation to investment properties represents the temporary difference arising from depreciation claimed for income tax purposes, but not charged for accounting purposes, on the investment properties.

(v) Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, OFG 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 Over Fifty Group Limited.

OFG and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amount are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes.*

(vi) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax sharing and funding agreement. Under the terms of this agreement, the wholly owned entities reimburse Over Fifty Group Limited for their share of the income tax expense arising in respect of their activities. This is recognised as a current tax related receivable/payable by Over Fifty Group Limited and is reimbursed by the wholly owned entities each quarter. In the opinion of the directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly owned entities in the case of a default by Over Fifty Group Limited.

Taxable income for the tax consolidated group includes the profit generated by The Over Fifty Mutual Friendly Society benefit funds, which is distributable to policyholders of the benefit funds. The profit of these funds form part of the consolidated profit for the calculation of the tax expense.

5. EARNINGS PER SHARE

	CONSOLIDATED	
	2007	2006
	$'000	$'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	7,570	7,305
	Number of shares	**Number of shares**
Basic		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	58,126,484	52,078,662
Diluted		
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	58,126,484	52,194,376
Weighted average number of ordinary shares for basic earnings per share	58,126,484	52,078,662
Effect of dilution:		
Share options	-	115,714
Weighted average number of ordinary shares adjusted for the effect of dilution	58,126,484	52,194,376

The outstanding performance rights and options issued to the MD (described at Note 30) that is excluded from the calculation of diluted earnings per share could potentially dilute basic earnings per share in the future.

Executive options issued, described in note 29(c) have been included in the earnings per share calculated above, for options which vested prior to R. Curtis leaving the company.

As part of the settlement for Century Funds Management on 10 July 2006, OFG arranged for the transfer of the shares which remained unclaimed from OFG Unverified Members Trust to the vendors of Century Funds Management as part consideration. In addition OFG issued 4,903,722 new shares.

On 15 August 2006 OFG issued 28,400 fully paid ordinary shares pursuant to its 2006 short term incentive employee share plan.

On 8 September 2006, R. Curtis converted his 115,714 options into shares.

Apart from the above, there have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
6. TRADE AND OTHER RECEIVABLES					
Amount owing by - related entities	(i)	1,877	453	52,639	61,508
Amount owing by - related parties	(i)	536	-	536	-
Sundry debtors	(ii) & (iii)	15,899	28,974	921	130
		18,312	29,427	54,096	61,638

(i) Terms and conditions of amounts owing by controlled entities and related parties are set out in Note 21. Included is management fees receivable from the benefit funds where no interest is charged.
(ii) Sundry Debtors are usually receivable within 60 days under normal commercial terms and conditions.
(iii) Details regarding the credit risk and effective interest rate risk of sundry debtors are disclosed in Notes 24 and 26 respectively.

7. FINANCIAL ASSETS

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
(i) Financial assets held for trading:					
Floating rate notes		211,479	234,063	-	-
Standard discounted securities		4,652	6,884	-	-
Shares - listed		26	26	25	25
Unit trusts		352,379	349,209	30	30
Interest rate swaps		1,446	-	-	-
		569,982	590,182	55	55
(ii) Other financial assets:					
Current					
Mortgage loans	(i)	144,581	145,010	-	-
Allowance for impairment loss	(ii)	(4,695)	(909)	-	-
		139,886	144,101	-	-
Non-Current					
Mortgage loans	(i)	162,800	91,056	160	-
Investments in controlled entities		-	-	52,704	9,707
		162,800	91,056	52,864	9,707

(i) Mortgage loans are held at amortised cost using the effective yield method. See Note 26 for key terms and conditions.

Terms and conditions
All financial assets held for trading are initially recognised at fair value, being the fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets held for trading are revalued to fair value at each reporting date. The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

For financial assets held for trading where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. The fair value of units in managed investment funds is determined by reference to published bid prices at the close of business on the balance sheet date being the redemption price as established by the underlying fund's responsible entity.

(ii) Allowance for impairment loss
An allowance for impairment loss is recognised when there is objective evidence that a mortgage receivable is impaired. An allowance for impairment loss of $3,786,000 (2006: $377,000) has been recognised in Other Expenses on the Income Statement by the Group for the current year for specific debtors, as described in note 2, for which such evidence exists.

Movements in the allowance for impairment loss were as follows:

At 1 July	909	532	-	-
Charge for the year	3,786	377	-	-
Amounts written off	-	-	-	-
At 30 June	4,695	909	-	-

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
8. OTHER CURRENT ASSETS				
Prepayments	1,722	1,192	253	488

9. INVESTMENT IN ASSOCIATES USING THE EQUITY METHOD

Mortgageport	8,412	7,942	-	-
Over Fifty Direct Property Trust	20,207	15,481	2,607	-
	28,619	23,423	2,607	-

The Group has a 50% investment in Mortgageport Management Pty Limited, a wholesale residential mortgage origination and management company incorporated in Australia. Although the Group holds a 50% investment in Mortgageport, it does not control the voting rights and it is, therefore, considered inappropriate to include Mortgageport as part of the consolidated group. Two of the benefit funds hold a 45.5% investment in the Over Fifty Direct Property Trust, an Australian property investment trust.

Total share of associates' balance sheets:		
Current assets	2,123	1,158
Non-current assets	49,478	36,295
Current liabilities	(3,363)	(1,036)
Non-current liabilities	(29,438)	(19,369)
Net assets	18,800	17,048
Total share of associates' revenue and profit:		
Revenue	9,208	7,406
Profit after income tax	2,453	2,236

There are no impairment losses relating to the investments in associates and no capital commitments or other commitments relating to the associates.

10. INVESTMENT PROPERTIES

Current				
Investment properties held for sale (at fair value):				
Opening balance	24,000	49,983	-	-
Additions	-	780	-	-
Disposals	(24,000)	(30,037)	-	-
Revaluation	-	3,274	-	-
Transfers	-	-	-	-
Closing balance	-	24,000	-	-
Non-Current				
Investment properties held at fair value:				
Opening balance	31,952	14,403	2,410	-
Additions	24,099	15,242	22,422	2,410
Revaluation	3,855	2,307	-	-
Disposals	(24,832)	-	(24,832)	-
Closing balance	35,074	31,952	-	2,410

Revaluations

During the year independent valuations were obtained to determine fair value of the investment properties. The valuation approaches utilised were capitalisation of net income, discounted cash flow analysis (10 years) and direct comparison.

Fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and knowledgeable willing seller in an arm's length transaction at the date of valuation, in accordance with Australian Valuation Standards. The direct operating expenses that generated the rental income during the period was $406,082.

The Group engages Knight Frank, an accredited valuer, to fair value its property investments, except Chisholm in the ACT. This property was valued by an OFG executive Jason Huljich, who is also an accredited valuer.

Any movement in the fair value of the properties is charged directly to the profit and loss.

The effective date of the revaluation was 30 June 2007.

Investment property purchased for $23.0 million and sold to DPT for $24.0 million relating to 45 Grenfell Street, Adelaide was settled and transferred to Over Fifty Direct Property Trust on 10 July 2006.

11. PLANT & EQUIPMENT

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Plant & equipment at cost	1,789	1,577	562	390
Accumulated depreciation	(1,041)	(1,090)	(322)	(240)
Net carrying amount at end of period	748	487	240	150
Carrying amount at beginning of the period	487	675	150	228
Additions/Transfers	799	153	263	38
Disposals	(73)	-	-	-
Depreciation charge for the year	(465)	(341)	(173)	(116)
Carrying amount at end of the period	748	487	240	150

12. GOODWILL

	CONSOLIDATED 2007	CONSOLIDATED 2006	PARENT 2007	PARENT 2006
Gross amount at beginning of the period	1,082	-	-	-
Goodwill acquired	42,215	1,082	-	-
Impairment losses	-	-	-	-
Carrying amount at end of the period	43,297	1,082	-	-

Goodwill is subject to annual impairment testing. No impairment loss was charged for the 2007 financial year.

The carrying amount of goodwill allocated to cash generating units relate to the acquisitions of Century Funds Management in 2007 and Lifetime Planning in 2006.

Goodwill acquired through business combination has been allocated to individual cash generating units, which are reportable segments, for impairment testing as follows:

(i) Financial planning
(ii) Mortgages
(iii) Property

Financial planning

The recoverable amount of the financial planning unit has been determined based on a value in use calculation using Funds Under Advice (FUA) projections and profit and loss projections covering a five -year period.

Mortgages

The recoverable amount of the mortgage unit has been determined based on a value in use calculation using loan book projections and profit and loss projections covering a five -year period.

Property

The recoverable amount of the property unit has been determined based on a value in use calculation using Funds Under Management (FUM) projections and profit and loss projections covering a five -year period.

The following describes the key assumptions made in the assessment of impairment of goodwill.

Financial planning

Carrying amount:	$1,082,000
Revenue balance:	Revenues are assumed to increase at a rate of 10% (2006:10%) per annum. This target rate incorporates both anticipated growth in sums invested and the market.
Expenses growth targets:	Expenses are assumed to increase at a rate of 5% (2006:5%) per annum
Pre-tax discount Rate:	Discount rates reflect management's estimates of the time value of money. A rate of 15% (2006:15.25%) is applied to cashflow projections. This rate has been increased by 0.25% over future years to allow for any future increases incrementing to 16% over the 5 years. In determining the appropriate discount rate, regard has been given to the yield on a ten year bond at the beginning of the budgeted year.
Terminal growth rate:	A growth rate of 2% (2006:2%) has been applied to the calculation of the terminal value of the asset

Mortgages

Loan book growth target:	The loan book is assumed to grow at 5% (2006:5%) per annum.
Revenue balance:	Revenues are assumed to increase at a rate of 10% (2006:10%) per annum. This target rate incorporates both anticipated growth in sums invested and the market.
Expenses balance:	Expenses are assumed to increase at a rate of 5% (2006:10%) per annum
Pre-tax discount Rate:	Discount rates reflect management's estimates of the time value of money. A rate of 15% (2006:15%) is applied to cashflow projections. This rate has been increased by 0.25% over future years to allow for any future increases incrementing to 16% over the 5 years. In determining the appropriate discount rate, regard has been given to the yield on a ten year bond at the beginning of the budgeted year.
Terminal growth rate:	A growth rate of 2% (2006:2%) has been applied to the calculation of the terminal value of the asset.

Property

Carrying amount:	$42,215,000
Funds under management growth target:	These targets are based on the anticipated growth in FUM.
Funds under advice (FUA) growth target:	A growth rate of 10% (2006:5%) has been set over the 5 years. This is based on an assessment of published market forecasted FUM.
Revenue balance:	Revenues are assumed to increase at a rate of 10% (2006:10%) per annum. This target rate incorporates both anticipated growth in sums invested and the market.
Expenses balance:	Expenses are assumed to increase at a rate of 5% (2006:10%) per annum
Pre-tax discount Rate:	Discount rates reflect management's estimates of the time value of money. A rate of 15% (2006:15%) is applied to cashflow projections. This rate has been increased by 0.25% over future years to allow for any future increases incrementing to 16% over the 5 years. In determining the appropriate discount rate, regard has been given to the yield on a ten year bond at the beginning of the budgeted year.
Terminal growth rate:	A growth rate of 2% (2006:2%) has been applied to the calculation of the terminal value of the asset.

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
13. TRADE AND OTHER PAYABLES					
Amount owing to related entities		-	-	-	2,510
GST payable	(i)	272	33	(24)	116
Sundry creditors	(ii)	6,026	5,696	524	641
Accrual for employee benefits		420	355	315	76
Accrual for employee bonus	(iii)	304	600	304	600
		7,022	6,684	1,119	3,943

(i) GST is payable monthly.

(ii) Sundry creditors are non-interest bearing and payable on commercial terms 7 to 60 days.

(iii) Provision for employee bonus: This provision provides for employee bonuses that are paid within 3 months of the end of the financial year.

14. INTEREST-BEARING LIABILITIES

	NOTE	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
Current					
CBA working capital facility	(i)	12,800	12,200	12,800	12,200
Hire purchase contracts		18	-	-	-
Bill facilities - secured	(ii)	7,920	21,870	-	-
		20,738	34,070	12,800	12,200
Non-Current					
Bill Facilities and Notes - secured	(iii)-(vi)	125,448	49,748	-	-
Total		146,186	83,818	12,800	12,200

Terms and conditions relating to the working capital facility and bill facilities above are:

(i) The CBA working capital facility of $25.0 million (2006: $20.0 million) for which $12.8 million (2006: $12.2 million) has been drawn down is reviewed annually and subject to repayment within 30 days of demand by the bank. Tranches of funds drawn are to be repaid within 180 days of drawdown. It is secured by a guarantee by the subsidiaries being OFG Capital Limited; OFG Seniors Equity Release Pty Ltd; Over Fifty Mutual Friendly Society Limited (consisting of its management fund only); OFG Funds Management Limited; OFG Investments Pty Ltd; Over Fifty Insurance Pty Ltd and Lifetime Planning Pty Ltd.

(ii) $7.9 million (2006: $7.9 million) bank bill maturing August 2007 with a fixed rate of 6.43% payable half yearly. This is a non-recourse loan secured over property situated at Moonah Links, Fingal, Vic. The fair value of the investment property at 30 June 2007 is $14.9 million (2006: $15.0 million). During the year, the Group repaid $13,950,000 of interest-bearing debt, relating to the bill facility secured over the property located at 333 Exhibition Street, Melbourne, as this property was sold.

(iii) $4.1million (2006: $4.1million) bank bill maturing March 2010 with a variable rate (presently 6.41%) payable quarterly in advance. This is a non-recourse loan secured over property situated at Chisholm Shopping Centre, Halley Street Chisholm, ACT. The fair value of the investment property at 30 June 2007 is $18.5million (2006:$14.5million).

(iv) $4.0 million (2006: $4.0million) bank bill maturing March 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. The fair value of the investment property at 30 June 2007 is $18.5 million (2006:$14.5million).

(v) $2.2 million (2006: Nil) bank bill maturing March 2010 with a variable rate of 6.40% payable quarterly in advance. This is a non-recourse loan secured over property situated at Chisholm Shopping Centre, Halley Street Chisholm, ACT. The fair value of the investment property at 30 June 2007 is $18.5 million (2006:$14.5million).

(vi) $115.2 million (2006: $41.7 million) non-recourse notes issued to ANZ secured over the mortgages held in the Senex Warehouse Trust No. 1. The notes are repayable at the earlier of 5 years or repayment of underlying mortgage loans in the Trust.

	NOTE	CONSOLIDATED		PARENT	
		2007	2006	2007	2006
15. PROVISIONS		$'000	$'000	$'000	$'000
Current					
Provision for Directors' retirement fund	(i)	488	399	488	399
		488	399	488	399
Non-current					
Provision for long service leave	(ii)	138	152	51	-

(i) Provision for Directors' retirement fund

The nature of the provision is to recompensate the directors for their time and effort spent over the years serving as non executive directors. The timing of any outflows is determined by when a director resigns.

(ii) Provision for long service leave

The liability for long service leave is recognised in the provision for employee benefits and 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.

	CONSOLIDATED		PARENT	
	2007		2007	
	$'000		$'000	
	Provision for Directors' retirement fund	**Provision for long service leave**	**Provision for Directors' retirement fund**	**Provision for long service leave**
Movement in provision during the year:				
At 1 July 2006	399	152	399	-
Increase in provisions during the year	89	179	89	51
Decrease in provisions during the year	-	(193)	-	-
At 30 June 2007	488	138	488	51

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

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

16. POLICYHOLDERS FUNDS

	CONSOLIDATED	
	2007	2006
	$'000	$'000
Bonus Rated Benefit Funds (with DPF)		
Opening balance	704,477	736,834
Applications received	15,578	14,094
Redemptions paid	(99,547)	(77,123)
Current period income	25,100	24,076
Net other movement	-	6,596
Closing Balance	645,608	704,477
Unitised Benefit Funds (no DPF)		
Opening balance	134,448	117,741
Applications received	29,509	18,745
Redemptions paid	(38,982)	(13,564)
Current period income	20,041	11,866
Net other movement	-	(340)
Distribution	(5,432)	-
Closing Balance	139,584	134,448
Total Policyholders Funds	785,192	838,925

Under AIFRS the income, expenses, assets and liabilities of the benefit funds are included in the Group's income statement and balance sheet and statement of cashflows. As a result, the benefit funds' assets and liabilities are included in the Group's statements. The shareholders of the Group have no rights over the assets and liabilities held in the benefit funds. The composition of the assets and liabilities balance is as follows:

Assets		
Attributable to shareholders	264,375	181,123
Attributable to benefit fund policyholders	789,405	842,386
Total Assets	1,053,780	1,023,509
Liabilities		
Attributable to shareholders	159,915	90,581
Attributable to benefit fund policyholders	789,143	842,386
Total Liabilities	949,058	932,967

A detailed benefit funds segment note can be found in the financial statements of Over Fifty Mutual Friendly Society Limited.

Guarantees to benefit fund policyholders.

Two of the benefit funds, the OFM Capital Guaranteed Bond Fund and the OFM Income Accumulation Fund provide guarantees to policy fund holders as follows: "If, when OFG in right of the Bonds is required under the Bond rules to pay Policy Benefits to a Policy Owner as a consequence of the termination of the Bond or the Maturity or Surrender of a Policy, and OFG determines that the sums to be paid to the Policy Owner from the Bonds shall be less than the amounts standing to the credit of the relevant Accumulation Account Balance, (or in the case of a partial surrender, the relevant proportion of the Accumulation Account Balance), OFG guarantees to take all action within its control, including making payment from its Management Fund to the Policy Owner to ensure that the total sums received by the Policy Owner as a consequence of the termination, Maturity or Surrender equal the relevant Accumulation Account Balance, (or) in the case of a partial surrender, the relevant proportion thereof."

There are $612 million (2006: $671 million) of policyholder funds relating to these guarantees.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
17. ISSUED CAPITAL AND RETAINED EARNINGS				
(a) Issued and paid up capital				
Ordinary shares fully paid	88,034	73,372	88,034	73,372
Capitalised share issue costs	(251)	(251)	(251)	(251)
Issued and paid up capital	87,783	73,121	87,783	73,121

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Group does not have authorised capital nor par value in respect of its issued capital.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		PARENT 2007 No. of Shares	PARENT 2007 $'000	PARENT 2006 No. of Shares	PARENT 2006 $'000
(b) Movement in shares on issue					
On issue at beginning of financial year		52,447,121	73,121	51,679,896	71,490
Issued during the year:					
Dividend Reinvestment Scheme	(i)	1,375,437	3,213	767,225	1,631
Short-term Incentive Employee Share Scheme	(ii)	28,400	67	-	-
Share Issue	(iii)	4,903,722	11,180	-	-
Exercise of options	(iv)	115,714	202		
On issue at end of financial year		58,870,394	87,783	52,447,121	73,121

(i) 1,375,437 and 767,225 shares were issued under the dividend re-investment plan in 2007 and 2006 respectively.

(ii) On 15 August 2006, 28,400 shares were issued under the employee share scheme.

(iii) On 10 July 2006, 4,903,722 shares were issued for the purchase of Century Funds Management Ltd. Refer to note 28 for further details.

(iv) On 8 September 2006, R. Curtis was issued shares on the exercise of options.

(c) Reserves

	CONSOLIDATED *Cash flow hedge reserve* $'000	CONSOLIDATED *Long term incentive plan reserve* $'000	CONSOLIDATED *Total* $'000	PARENT *Long term incentive plan reserve* $'000	PARENT *Total* $'000
At 1 July 2005	-	-	-	-	-
Share based payment	-	23	23	23	23
At 30 June 2006	-	23	23	23	23
Share based payment	-	269	269	269	269
Net loss on cash flow hedge	(1,178)	-	(1,178)	-	-
Income tax	351		351	-	-
At 30 June 2007	(827)	292	(535)	292	292

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
(d) Movement in retained earnings	$'000	$'000	$'000	$'000
Retained profits at beginning of financial year	17,398	15,800	17,432	14,721
Dividends paid during the year	(11,547)	(5,707)	(11,547)	(5,707)
Net profit attributable to members of Over Fifty Group Limited	7,570	7,305	(1,679)	8,418
Benefit earned from share transfer	4,053	-	4,053	-
Retained earnings at the end of the financial year	17,474	17,398	8,259	17,432

(e) Terms and conditions of issued capital

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.

(f) Nature and purpose of reserves

Long term incentive plan reserve

The long term incentive plan reserve is used to record the value of share-based payments provided to employees, including the CEO, as part of their remuneration. Refer to note 30 for further details of these plans.

Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument, the interest rate swap, in a cash flow hedge that is determined to be an effective hedge.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
18. DIVIDENDS PAID AND PROPOSED	$'000	$'000	$'000	$'000
Dividends paid during the year:				
(i) Current year interim				
Fully Franked (5 cents per share) (2006:5c 20% Franked)	(2,923)	(2,607)	(2,923)	(2,607)
(ii) Previous year final				
Fully Franked (15 cents per share) (2006:6c Fully Franked)	(8,624)	(3,100)	(8,624)	(3,100)
	(11,547)	(5,707)	(11,547)	(5,707)

Franking credit balance

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

– franking account balance as at the end of the financial year at 30% (2006:30%)	2,456	3,428
– increase in franking credits that will result from the payment of income tax payable as at the end of the financial year	1,239	(750)
	3,695	2,678

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 $8,622,501.

19. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Operating lease commitments – Group as lessee

The Group has entered into 2 commercial leases for its office premises. The leases have an average life of between 2 months and 6.7 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Operating lease commitments also consist of novated motor vehicle leases. All novated motor vehicle leases are provided as part of salary packaging.

Future minimum rentals payable under operating leases are as follows:

Operating lease commitments

Within one year	655	287	33	68
After one year but not more than five years	2,705	144	29	123
More than 5 years	1,280	-	-	-
Total minimum lease payments	4,641	431	62	191

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio.

These leases have remaining terms of between 2 and 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Within one year	829	1,291	-	-
After one year but not more than five years	406	2,370	-	-
More than five years	2,955	-	-	-
Total minimum lease receivables	4,190	3,661	-	-

20. REMUNERATION OF AUDITORS

The auditor of Over Fifty Group Limited is Ernst & Young (Australia).

	CONSOLIDATED 2007 $	CONSOLIDATED 2006 $	PARENT 2007 $	PARENT 2006 $
Amounts received or due and receivable by Ernst & Young (Australia), for the audit and review of the financial reports of the parent entity and any entity in the consolidated group.	355,000	240,000	55,000	48,000
	355,000	240,000	55,000	48,000
Amounts received or due and receivable by Ernst & Young (Australia), for other services in relation to all entities in the consolidated group for:				
- Taxation services	-	31,900	-	31,900
- Other assurance services	1,800	7,277	1,800	7,277
	1,800	39,177	1,800	39,177

21. RELATED PARTY DISCLOSURES

(i) Investment in controlled entities

(a) The consolidated financial statements include the financial statements of Over Fifty Group Limited and the subsidiaries listed in the following table:

NAME	Country of incorporation	INVESTMENTS 2007 $	INVESTMENTS 2006 $	CONSOLIDATED BENEFICIAL INTEREST 2007 %	CONSOLIDATED BENEFICIAL INTEREST 2006 %
Over Fifty Group Limited					
Over Fifty Mutual Friendly Society Limited	Australia	5,000,000	5,000,000	100%	100%
Over Fifty Capital Limited	Australia	2,316,864	2,316,864	100%	100%
Over Fifty Seniors Equity Release Pty Ltd	Australia	2	2	100%	100%
Over Fifty Insurance Pty Ltd	Australia	1,130,739	1,130,739	100%	100%
Over Fifty Investments Pty Ltd	Australia	12	12	100%	100%
OFM Direct Property Trust No. 2 "Dominion"	Australia	1	1	100%	100%
Over Fifty Funds Management Ltd	Australia	12	12	100%	100%
OFM Direct Property Trust No. 3 Chisholm	Australia	1	1	100%	100%
OFM National Leisure Trust	Australia	1	1	100%	100%
OFM Bluegums Leisure Trust	Australia	1	1	100%	100%
Lifetime Planning Pty Ltd	Australia	1,259,355	1,259,355	100%	100%
Senex Warehouse Trust No. 1	Australia	200	200	100%	100%
Century Funds Management Ltd *	Australia	42,996,160	-	100%	-
Over Fifty Financial Planning Pty Ltd **	Australia	2	-	100%	-
Total investments in controlled entities (at cost)		52,703,350	9,707,188		
Over Fifty Mutual Friendly Society Limited					
Over Fifty Direct Property Trust No. 2 "Dominion"	Australia	2	2	100%	100%
Over Fifty Direct Property Trust No. 3 "Chisholm"	Australia	2	2	100%	100%
		4	4		

* During July 2006 the Company purchased 100% of Century Funds Management Limited and its subsidiaries.

** In May 2007 the subsidiary was incorporated in Victoria which is limited by shares.

21. RELATED PARTY DISCLOSURES (continued)

(ii) Directors

The Directors detailed in Note 29 each held office as a Director of the Company for the whole of the year ended 30 June 2007, except J. McBain who was appointed as Executive Director on 10 July 2006.

Remuneration received or receivable by the Directors and Executives of the parent entity is disclosed in the Remuneration Report to the financial report.

(iii) Other transactions with related parties

Investments in benefit funds

Certain Directors have investments in the benefit funds of Over Fifty Mutual Friendly Society Limited and Over Fifty Guardian Friendly Society Limited.

	2007	2006
	$	$
Aggregate investments in such funds	43,289	123,169
Directors holding these investments are listed below:		
M.G. Chessell	16,536	15,925
W.J. Forster	8,412	7,551
M.G. Grant	16,016	11,180
M.A. Gray	2,325	88,513

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

Aggregate amounts receivable from related parties:

	2007	2006
Management fees :	$'000	$'000
Over Fifty Mutual Friendly Society Benefit Funds	1,389	1,463
Over Fifty Guardian Friendly Society	211	185
	1,600	1,648

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

	2007	2006
	$'000	$'000
Other related parties	536	-

Pursuant to the share sale and purchase agreement between Over Fifty Group and the vendors of Century Funds Management Limited ("Century"), a purchase price adjustment is required based on the final consolidated balance sheet of Century at 30 June 2006. $536,101 is now owed by the vendors of Century being: - John McBain directly, Resolute Funds Management Pty Limited as trustee of the McBain Family Trust and Hanover Estates Pty Ltd both related parties to John McBain, - Paritai Pty Limited as trustee of the Paritai Trust, a related party to Jason Huljich, - Coy & Associates Consulting Services Pty Ltd as trustee of the Matthew Coy Trust, a related party to Matthew Coy, - Vexdat Pty Ltd as trustee of the David Govey Family Trust, a related party to David Govey and - Ross Elsom Nominees Pty Ltd as trustee of the Ross Elsom Trust, a related party to Ross Elsom. All of the above are currently executives of Century and John McBain is an executive Director of Over Fifty Group and all of its subsidiaries.

Terms and conditions of transactions with related parties

Investments in benefit funds held by certain directors are made on the same terms and conditions as all other persons. Directors and director-related entities received the same returns on these investments as other policyholders.

The parent entity and its related entities entered into transactions, which are insignificant in amount, with Directors and their Director-related entities in their domestic dealings and are made in arm's length transactions both at normal market prices and on normal commercial terms. These are:

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

Over Fifty 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.

22. SEGMENT INFORMATION

BUSINESS SEGMENTS

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.

2007	Funds Administration $'000	Insurances $'000	Mortgages $'000	Property $'000	Elimination $'000	Consolidated $'000
Revenue						
Interest, dividends and other investment income	74,617	9	9,937	146	-	84,709
Management, risk and establishment fees	15,698	-	4,432	5,688	-	25,818
Rent and other income	21,194	1,336	-	13,845	-	36,375
Inter-segment revenue	7,123	-	(467)	-	(6,656)	-
Total segment revenue	118,632	1,345	13,902	19,679	(6,656)	**146,902**
Segment results	21,639	603	(2,590)	11,540	(6,300)	**24,894**
Unallocated expenses						-
Share of profit in associate	2,453	-	-	-	-	2,453
Income tax expense						**(19,777)**
Net profit/(loss) for the year						**7,570**
Segment assets	981,905	413	36,074	31,808	(25,039)	**1,025,161**
Investment in associates	28,619	-	-	-	-	**28,619**
Total assets	1,010,524	413	36,074	31,808	(25,039)	1,053,780
Segment liabilities	886,035	(9)	41,798	13,606	7,628	**949,058**
Other segment information						
Capital expenditure	(24,223)	-	-	24,000	-	(223)
Depreciation and amortisation expenses	(327)	-	(55)	(83)	-	**(465)**
Other non-cash expenses	(268)	-	-	-	-	**(268)**
Cash flow information						
Net cash flow from operating activities	(32,578)	(52)	(3,162)	1,879	-	(33,913)
Net cash flow from investing activities	(74,433)	-	(2,668)	23,579	-	(53,521)
Net cash flow from financing activities	59,765	(101)	7,234	(14,033)	-	52,865

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2006	Funds Administration $'000	Insurances $'000	Mortgages $'000	Property $'000	Elimination $'000	Consolidated $'000
Revenue						
Interest, dividends and other investment income	62,726	17	4,756	14	-	67,513
Management, risk and establishment fees	13,850	-	3,195	419	-	17,464
Rent and other income	21,646	761	-	10,220	-	32,627
Inter-segment revenue	15,035	-	(465)	-	(14,570)	-
Total segment revenue	113,257	778	7,486	10,653	(14,570)	**117,604**
Segment results	30,067	144	(2,105)	6,508	(10,934)	**23,681**
Unallocated expenses						-
Share of profit in associate	2,236	-	-	-	-	2,236
Income tax expense						(18,612)
Net profit						**7,305**
Segment assets	952,890	511	33,839	28,874	(16,028)	**1,000,086**
Investment in associates	23,423	-	-	-	-	**23,423**
Total assets	976,313	511	33,839	28,874	(16,028)	**1,023,509**
Segment liabilities	863,067	451	35,688	26,359	7,402	**932,967**
Other segment information						
Capital expenditure	(82)	-	-	-	-	(82)
Depreciation and amortisation expenses	(304)	-	(37)	-	-	(341)
Other non-cash expenses	(23)	-	(551)	(22)	-	(596)
Cash flow information						
Net cash flow from operating activities	(12,797)	(27)	(19,140)	(10,221)	-	(42,185)
Net cash flow from investing activities	40,439	-	(16,449)	(74)	-	23,916
Net cash flow from financing activities	41,781	(390)	(1,591)	(1,800)	-	38,000

GEOGRAPHICAL SEGMENTS

The consolidated entity operates in one geographic region, Australia.

23. CASH AND CASH EQUIVALENTS

Under AIFRS the income, expenses, assets and liabilities of the benefit funds are included in the Group's income statement and balance sheet and statement of cashflows. As a result, the benefit funds' cash is included in the Group's statements with a corresponding amount included in liabilities. The shareholders of the Group have no rights over the cash held in the benefit funds. The composition of the closing cash balance is as follows:

	AS AT 30-Jun-07 $'000	AS AT 30-Jun-06 $'000
Attributable to shareholders	13,796	35,079
Attributable to benefit fund policyholders	36,363	49,649
Total	50,159	84,728

(i) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash at bank and in hand	50,159	84,728	1,427	30,979

For Terms and Conditions, see note 26.

(ii) Reconciliation of net profit after tax to net cash flows from operations:

Profit/(Loss) after income tax	7,570	7,305	(1,679)	8,418
Non-cash items				
Depreciation and amortisation	465	341	173	116
Movement in provision for doubtful debts	3,786	(25)	-	-
Executive share-based incentives	269	23	269	23
Unrealised income	(2,166)	(4,730)	-	-
Profit on sale of investments	(2,988)	(3,703)	(4)	-
Profit from associates	(2,453)	(2,236)	-	-
Changes in assets and liabilities				
(Increase)/decrease in sundry receivables	10,719	(21,234)	(1,642)	29
(Increase)/decrease in financial assets held for trading	-	(332)	-	-
(Increase)/decrease in prepayments	(440)	(424)	312	(228)
(Increase)/decrease in deferred income tax assets	(1,303)	(607)	221	(207)
(Decrease)/increase in deferred income tax liabilities	1,352	557	-	(12)
(Decrease)/increase in tax provision	4,554	(4,541)	1,854	(1,395)
(Decrease)/increase in trade & other payables	382	2,407	(109)	81
(Decrease)/increase in other provisions	74	509	140	397
(Decrease)/increase in policyholder liability	(53,734)	(15,495)	-	-
Net cash flows from/(used in) operating activities	(33,913)	(42,185)	(465)	7,221

(iii) Financing facilities

Apart from financing facilities already disclosed in note 14, 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, $3,212,004 (2006: $1,630,632) of dividends were paid via the issue of 1,375,437 shares (2006: 767,225).

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank accounts, bill facilities, a working capital facility, mortgage assets and cash at bank. The benefit funds hold a range of financial assets for investment purposes including investments in unit trusts, equity and floating rate notes.

The main purpose of the bill and the working capital facilities is to fund mortgage assets, property and other investments. The purpose of the financial assets held by the benefit funds is to provide a return to the policyholders. The main risks arising from these financial instruments are liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Derivative financial instruments of the benefit funds, consolidated into the financial statements of the Group under AIFRS, are used only for hedging of actual or anticipated exposures relating to investments. All financial arrangements are backed up by cash or assets (as appropriate) with a fair value at least equal to the notional value of the asset which underlies the financial instrument. Financial instruments are not used for speculative trading and/or gearing.

Specific derivative financial instruments which may be used, and the conditions for their use have been approved by the Australian Prudential Regulation Authority. The principal derivative financial instruments used are interest rate swaps.

The Board of Directors has established strict policy and procedural guidelines for the use of derivative financial instruments. These policies expressly limit the specific instruments which may be used and limit their use 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 by an underlying asset or by cash.

Derivatives in interest rate swaps are recognised on the balance sheet. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value. Movements in the carrying amounts of derivatives are recognised in the income statement.

Interest rate swaps relate to the use of derivatives for investment purposes, whereby they are used for the hedging of actual or anticipated exposures relating to investments.

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.

The Group matches policyholder funds by maintaining a separate portfolio of assets for each benefit fund.

Credit Risk

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 balance sheet 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	36
$ 250,001 - $ 500,000	20
$ 500,001 - $ 1,000,000	12
$ 1,000,001 - plus	39

Bills of exchange, which have been purchased at a discount to face value, are carried on the Balance Sheet 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

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.

25. DERIVATIVES AND HEDGES

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest rates.

Set out below are details of the new hedge activities entered into by the Group during the year.

Interest Rate Swaps - cash flow hedges

During the year, the Group has entered into interest rate swap arrangements for fixed rate loans offered to borrowers whereby a fixed rate is paid at a rate agreed with the swap providers at the time of entering the swap, while the Group receives a variable rate equal to the 30 day Bank Bill Swap rate bid (BBSY) plus facility margin.

The swaps are measured at fair value and all gains and losses are taken directly to equity and re-classified into profit and loss when the interest expense is recognised. The swaps are considered highly effective and the amount charged directly to equity was $826,525 and the amount recognised in the profit and loss was $864.

The objective of the hedge is to enter into interest rate derivative contracts to match the cash flows obtained from the fixed rate book to the floating funding obligations under the warehouse trust facility. This strategy is in accordance with the OFG Treasury Policy.

As at 30 June 2007 the fair value of all interest rate swap arrangements totalled $1,178,523 (2006:nil).

At 30 June 2007, the notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	CONSOLIDATED		PARENT	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
	$'000	$'000	$'000	$'000
2 years	2,764	-	-	-
4 years	14,161	-	-	-
8 years	7,942	-	-	-
> 8 years	12,007	-	-	-
	36,874	-	-	-

All swaps are matched directly against the appropriate loans and interest expense and as such are considered fully effective, they are settled on a net basis. The swaps are measured at fair value and all gains and losses are taken directly to equity and re-classified into profit and loss when the interest expense is recognised. The swaps have a fixed interest rate of 7.3% (2006: nil) and a floating rate of BBSW plus 40 basis points, and which at the balance sheet date was below 7.3%.

26. FAIR VALUE AND INTEREST RATE RISK

(a) Fair Values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represents a reasonable approximation of fair value unless otherwise stated in the applicable notes. The 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.

(b) Interest Rate Risk

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.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

2007	Weighted average effective interest rate %	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	>5 years $'000	Total $'000
Consolidated								
Financial Assets								
Floating rate								
Mortgage loans	8.96%	44,201	77,505	8,315	13,245	2,903	161,211	307,381
Cash assets	5.75%	50,159	-	-	-	-	-	50,159
Financial assets held for trading	7.16%	569,982	-	-	-	-	-	569,982
Total Financial Assets		664,342	77,505	8,315	13,245	2,903	161,211	927,522
Financial Liabilities								
Fixed rate								
Bill facility and Notes	5.84%	(7,920)	-	-	(4,000)	-	-	(11,920)
Floating rate								
Bill facility	6.41%	-	-	-	(6,285)	(115,181)	-	(121,466)
Working capital facility	6.38%	(12,800)	-	-	-	-	-	(12,800)
Derivatives	7.30%	(1,178)	-	-	-	-	-	(1,178)
Total Financial Liabilities		(21,898)	-	-	(10,285)	(115,181)	-	(147,364)

2006

Consolidated								
Financial Assets								
Floating rate								
Mortgage loans	9.27%	2,629	133,797	21,513	13,702	8,690	55,735	236,066
Cash assets	5.50%	84,728	-	-	-	-	-	84,728
Financial assets held for trading	7.19%	590,182	-	-	-	-	-	590,182
Total Financial Assets		677,539	133,797	21,513	13,702	8,690	55,735	**910,976**
Financial Liabilities								
Fixed rate								
Bill facility	5.98%	(7,920)	-	-	-	(4,000)	-	(11,920)
Floating rate								-
Bill facility	6.02%	-	(13,950)	(4,085)	-	-	(41,663)	(59,698)
Working capital facility	5.84%	(12,200)	-	-	-	-	-	(12,200)
Total Financial Liabilities		**(20,120)**	**(13,950)**	**(4,085)**	-	**(4,000)**	**(41,663)**	**(83,818)**

2007	Weighted average effective interest rate %	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	>5 years $'000	Total $'000
Parent								
Financial Assets								
Floating rate								
Cash assets	5.75%	1,427	-	-	-	-	-	1,427
Total Financial Assets		1,427	-	-	-	-	-	**1,427**
Financial Liabilities								
Floating rate								
Working capital facility	6.38%	(12,800)	-	-	-	-	-	(12,800)
Total Financial Liabilities		**(12,800)**	-	-	-	-	-	**(12,800)**

2006

Parent								
Financial Assets								
Floating rate								
Cash assets	5.50%	30,979	-	-	-	-	-	30,979
Total Financial Assets		30,979	-	-	-	-	-	**30,979**
Financial Liabilities								
Floating rate								
Working capital facility	5.84%	(12,200)	-	-	-	-	-	(12,200)
Total Financial Liabilities		**(12,200)**	-	-	-	-	-	**(12,200)**

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

27. EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in subsequent years.

28. BUSINESS COMBINATIONS

(i) Acquisition of Century Funds Management

On 10 July 2006 the Group acquired 100% of the voting shares of Century Funds Management Limited (Century), a privately owned property funds management business, for $41.9 million. At the acquisition date Century had approximately $440 million of funds under management. As at 30 June 2007, Century was consolidated as a fully owned subsidiary.

The total cost of the combination, including the costs directly attributable to the acquisition, was $43.0 million comprised of an issue of 4,903,722 ordinary shares and a transfer of 1,938,383 shares that remained in the OFM Trust, each with a fair value of $2.28, which was based on the quoted price of Over Fifty Group Limited shares on that date. The rest of the purchase comprised of $26.3 million in cash.

Included in the $42.2 million goodwill is the strong and strategic position of the fast growing property funds management sector which is not recognised separately. The other key factors contributing to the goodwill relate to the inclusion of a new and high networth client base and the synergies that exist within the acquired business and also synergies expected to be achieved as a result of this combination with the rest of the Group.

The fair value of the identifiable assets and liabilities of Century as at the acquisition date of 10 July 2006 were as follows:

	Consolidated	
	Recognised on acquisition $'000	Carrying value $'000
Fair value of net assets acquired:		
Cash and other financial assets	853	853
Other assets	1,030	1,030
Payables and provisions	(1,102)	(1,102)
Total fair value of net assets acquired	781	781
Goodwill arising on acquisition	42,215	
	42,996	
Purchase consideration:		
Consideration	41,858	
Costs associated with the acquisition	1,138	
Total consideration	**42,996**	
The cash outflow on acquisition is as follows:		
Cash paid	(26,264)	
Cash paid for acquisition costs	(1,138)	
Net cash acquired with subsidiary	853	
Total cash inflow/(outflow)	**(26,549)**	

From the date of acquisition, Century Funds Management has contributed $3,948 million to the net profit of the Group.

If the combination had taken place at the beginning of the year, the profit from operations for the Group would have been $7,673 million and revenue from continuing operations would have been $113,803 million.

29. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) 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)
C. R. Martin	Managing Director
J.E McBain *	Director (executive)

* Appointed Director 10 July 2006.

(ii) Executives

C. A. Jones	Company Secretary & General Counsel
T. D. Reid	Chief Financial Officer
J. Huljich	Head of Property
I. M. Giles	General Manager - Products and Distribution
C. Robinson **	General Manager - Mortgage Fund
A. Nicu	Head - Reverse Mortgages

** Key management personnel as defined under AASB 124 for 2007.

Other than indicated above, there were no other changes of the CEO or key management personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
Short-Term Employee Benefits	2,095,342	2,236,247	1,492,886	1,791,887
Post Employment Benefits	307,421	275,248	260,848	237,973
Termination Benefits	80,980	165,000	80,980	165,000
Share-based Payment	224,901	12,350	224,901	8,516
	2,708,645	2,688,845	2,059,615	2,203,376

OFG Limited has applied the option under *Corporations Amendments Regulation 2006* to transfer key management personnel remuneration disclosures required by AASB 124 *Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' report. These transferred disclosures have been audited.

(c) Option holdings of Key Management Personnel

The following tables summarise information about options held by the former CEO R. Curtis as at 30 June 2007: Mr Curtis resigned 16 February 2006.

	2007		2006	
	Number of options	Exercise price	Number of options	Exercise price
Balance at beginning of year	115,714	$1.75	771,428	$1.75
- granted (subject to performance hurdles)	-	-	-	-
- granted (not subject to performance hurdles)	-	-	-	-
- exercised	(115,714)	-	(655,714)	-
Balance at end of year	-		115,714	
Exercisable at end of year	-		115,714	

Grant Date	Vesting Date	Expiry Date	Number of Options *	Weighted average exercise price
24 August 2002	24 August 2004	24 August 2007	115,714	$1.75

* R.Curtis converted his options into 115,714 shares at $1.75 on 8 September 2006.

During the current year, options were granted to the current CEO. These have been detailed in note 30(b) and 30(c). At 30 June 2007, none of these options were exercisable.

29. KEY MANAGEMENT PERSONNEL (continued)

(d) Shareholdings of Key Management Personnel

Shares held in Over Fifty Group Limited	Balance at 1-Jul-06 Ord	Granted as Renumer-ation Ord	Other Movement	Balance at 30-Jun-07 Ord
Directors				
M.G. Chessell	78,369	-	10,000	88,369
W.J. Forster	95,122	-	(15,944)	79,178
M.G. Grant	39,549	-	3,439	42,988
M.A. Gray	40,888	-	3,556	44,444
R.R. Officer	12,218	-	1,062	13,280
C.R. Martin	9,000	-	10,067	19,067
J.E. McBain	-	-	4,081,247	4,081,247
Executives				
T.D. Reid	2,200	400	882	3,482
I.M. Giles	-	400	13,678	14,078
C.A. Jones	-	400	34	434
C. Robinson	253	400	-	653
A. Nicu	-	400	34	434
J. Huljich	-	400	2,103,902	2,104,302
TOTAL	277,599	2,400	6,211,957	6,491,956

Shares held in Over Fifty Group Limited	Balance at 1-Jul-05 Ord	Granted as Renumer-ation Ord	Other Movement	Balance at 30-Jun-06 Ord
Directors				
M.G. Chessell	68,848	-	9,521	78,369
W.J. Forster	71,687	-	23,435	95,122
M.G. Grant	37,579	-	1,970	39,549
M.A. Gray	22,349	-	18,539	40,888
R.R. Officer	2,107	-	10,111	12,218
Executives				
C.R. Martin	9,000	-	-	9,000
T.D. Reid	4,382	882	(3,064)	2,200
R.C. Curtis	3,793	-	-	3,793
TOTAL	219,745	882	60,512	281,139

All equity transactions with specified directors and specified executives other than 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.

There are no loans to Directors or Executives.

30. SHARE-BASED PAYMENT PLANS

(a) Type of share-based payment plan

OFG shareholders approved a Performance Rights Plan at the 2003 AGM to which the long-term incentives relate. Under this plan, the Board have been given absolute discretion in granting to employees 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 and time-related vesting conditions. In summary, if OFG achieves a growth in earnings per share of 13% per annum or a Total Shareholder Return (TSR) which matches that of a basket of similar companies, the performance rights will convert into shares at the target date in the future.

Full detail of the number of performance rights issued, the vesting dates and the performance hurdles are detailed below:

Tranche	Grant date	Vesting date	No. of rights EPS hurdles	No. of rights TSR hurdles
First	29 May 2006	30 June 2007	40,251	40,251
Second	29 May 2006	30 June 2008	100,212	100,212
Third	29 May 2006	30 June 2009	169,554	169,554
Fourth	1 July 2006	30 June 2010	109,734	109,734

The following table illustrates the movement in the number of performance rights during the year.

	2007	2006
Outstanding at the beginning of the year	620,034	-
Granted during the year	219,468	620,034
Forfeited during the year	-	-
Vested during the year	-	-
Outstanding at the end of the year	839,502	620,034

For assumptions used in valuing these rights refer to the Remuneration Report.

(b) Options subject to performance hurdles

During the year, options over a total of 900,000 ordinary shares of OFG were granted to the Managing Director, pursuant to an employment contract. The options were granted on 1 July 2006, are for a period of five years commencing from 1 July 2006 and are exercisable progressively beginning on the second anniversary of the date of commencement as shown in Table 1. The options have an exercise price of $2.00 and are subject to performance hurdles as shown at Table 2.

The fair value of the options granted is estimated as at the date of grant using an adjusted form of the Black-Scholes Option Pricing Model ("BSM") that includes a Monte Carlo Simulation analysis. The Monte Carlo model is based on the assumption that the share price movements are log normally distributed, a similar assumption that underpins the BSM. The estimated fair value of the options is listed in Table 1.

The BSM takes into account the following factors:

- The Options exercise price ($2.00);
- The time to expiry for the Options accords with their respective vesting dates;
- The price of the underlying shares at grant date ($2.28);
- The expected volatility of the share price (25%);
- The dividend yield expected on the shares (4.7%); and
- The risk-free interest rate for the life of the rights (5.8%).

Table 1: Options subject to performance hurdles

Tranche	Grant date	Vesting date	Expiry date	No. of options EPS hurdles	No. of options TSR hurdles	Option Fair Value (EPS) $	Option Fair Value including market hurdle (TSR) $
First	1 July 2006	1 July 2007	31 December 2011	22,500	22,500	0.51	0.51
Second	1 July 2006	1 July 2008	31 December 2011	45,000	45,000	0.53	0.51
Third	1 July 2006	1 July 2009	31 December 2011	67,500	67,500	0.54	0.50
Fourth	1 July 2006	1 July 2010	31 December 2011	112,500	112,500	0.54	0.48
Fifth	1 July 2006	1 July 2011	31 December 2011	202,500	202,500	0.55	0.47

The options granted are in 5 tranches, each with separate performance hurdles that must be met for the vesting to take place. Half the options in each tranche are conditional on the Company meeting certain EPS (Earnings per share) hurdles for the relevant financial year and the other half for each tranche are conditional on the Company meeting certain TSR (Total shareholder return) hurdles as detailed below.

30. SHARE-BASED PAYMENT PLANS (continued)

Table 2: Performance hurdles - EPS and TSR

Band	EPS	
	EPS annual growth	**% of options**
Band 0	less than 8%	0%
Band 1	8 - 8.99%	20%
Band 2	9 - 9.99%	40%
Band 3	10 - 10.99%	60%
Band 4	11 - 11.99%	80%
Band 5	12% or over	100%

TSR	
TSR Compared to index	**% of options in relevant half tranche that vest**
less than 80%	0%
80-89%	20%
90-99%	40%
100-109%	60%
110-119%	80%
120% or more	100%

(c) Options not subject to performance hurdles

The Company has issued an additional 200,000 options to fully paid ordinary shares in the company at an exercise price of $2.00 on condition that the Managing Director serves the Company for the entire term, in which event the options will become exercisable on 1 July 2011 and lapse, if not exercised, on 31 December 2011. These additional options will not be subject to any EPS or TSR hurdles.

These options have a grant date of 1 July 2006 and a fair value of $0.55 for each option.

(d) Performance rights

In 2006 the consolidated entity made its initial grant of rights over ordinary shares under the Performance Rights Plan that was approved at the 2003 AGM. The terms and conditions of the Plan are disclosed in the consolidated financial report for the year ended 30 June 2006. In July 2006 a further grant of rights was made on similar terms to all eligible employees.

The terms and conditions of the grants made for the year ended 30 June 2007 are as follows:

	Grant date	**Vesting date**	**No. of rights EPS hurdles**	**No. of rights TSR hurdles**
Participating rights grant	1 July 2006	30 June 2010	90,155	90,155

The fair value of the rights and assumptions for the year ended 30 June 2007 are:

	No. of rights EPS hurdles	**No. of rights TSR hurdles**
Fair value at grant date	$1.88	$1.13
Share price at grant date	$2.26	$2.26
The expected volatility of the share price	25%	25%
The dividend yield expected on the shares	4.70%	4.70%
The risk-free interest rate for the life of the rights	5.784%	5.784%
The rights have no exercise price.		
The time to expiry for the rights accords with the vesting date.		

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report for the year ended 30 June 2006. The fair value of rights with TSR hurdles incorporate the probability of meeting this hurdle.

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Independent auditor's report to the members of Over Fifty Group Limited

We have audited the accompanying financial report of Over Fifty Group Limited and the entities it controlled during the period, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 124 *Related Party Disclosures,* under the heading "remuneration report" in the directors' report, as permitted by Corporations Regulation 2M.6.04. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit, which has been identified as such.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.* This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under
Professional Standards Legislation

Independence
In conducting our audit we have met the independence requirements of 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.

Auditor's Opinion
In our opinion:

1. the financial report of Over Fifty Group Limited is in accordance with:

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

  (i) giving a true and fair view of the financial position of Over Fifty Group Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations); and

(b) other mandatory financial reporting requirements in Australia.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

3. the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures.*

Ernst & Young

Ernst & Young

Lonergan

Joanne Lonergan
Partner
Melbourne
27 August 2007

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

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 13 August 2007.

(a) Distribution of equity securities

The number of shareholders by size of holding are:

	Number of holders	Number of ordinary shares
1 - 1,000	15,274	6,884,442
1,001 - 5,000	8,278	18,477,249
5,001 - 10,000	1,137	7,796,748
10,001 - 100,000	445	8,856,214
100,001 and over	25	16,855,741
	25,159	58,870,394

The number of shareholders holding less than a marketable parcel are:	2,273	423,525

(b) Twenty largest shareholders

Name	Ordinary Shares Number	%
1. Resolute Funds Management Pty Limited *	3,927,397	6.67%
2. RBC Dexia Services Australia Nominees Pty Limited	3,093,147	5.25%
3. Paritai Pty Limited *	2,103,894	3.57%
4. Citicorp Nominees Pty Limited	1,129,666	1.92%
5. Australian United Investment Company Limited	999,956	1.70%
6. Citywest Corp Pty Ltd	845,269	1.44%
7. Anglo American Security Fund LP	578,550	0.98%
8. Drake Associates LP	578,550	0.98%
9. Sterling Grace Capital Management LP	578,550	0.98%
10. Sterling Grace International LLC	578,550	0.98%
11. Prudential Nominees Pty Ltd	500,000	0.85%
12. Ross Elsom Nominees Pty Ltd *	444,532	0.76%
13. Vexdat Pty Ltd	350,821	0.60%
14. Coy & Associates Consulting Services Pty Ltd	348,674	0.59%
15. Invia Custodian Pty Limited	335,863	0.57%
16. National Nominees Limited	276,619	0.47%
17. Katana Capital Limited	135,000	0.23%
18. RPG Management Pty Ltd	118,500	0.20%
19. Aris Nominees Pty Ltd	118,165	0.20%
20. Bay Wool Pty Limited	108,000	0.18%
	17,149,703	**29.13%**

* Restrictions on the sale of these shareholdings apply.

OVER FIFTY GROUP LIMITED (Formerly "OFM INVESTMENT GROUP LIMITED") AND CONTROLLED ENTITIES
ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

(c) Voting rights

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

(d) Substantial shareholders

	Number of shares held
The names of the substantial shareholders are:	
Resolute Funds Management Pty Ltd	3,927,397
RBC Dexia Services Australia Nominees Pty Limited	3,093,147

(f) On-market buy-back

There is no current on-market buyback.