

VIA ELECTRONIC LODGMENT

Tuesday, July 1, 2008

Australian Stock Exchange
Company Announcements Platform

Over Fifty Group announces results of commercial review of operations

- **Balance Sheet Adjustments**
- **Profit Guidance for 2007/2008**
- **Final Dividend Guidance 2007/2008**
- **Reintroduction of Dividend Reinvestment Plan**
- **Profit Outlook for 2008/2009**
- **Business Highlights/Outlook – Funds under management \$2.0 billion**
- **Clarification of recent Substantial Shareholder Notice**

Over Fifty Group (ASX:OFG) Chief Executive Officer John McBain today announced the results from a comprehensive review of the company's operations.

The review was undertaken following the appointment of four new directors at the November 2007 Annual General Meeting and focused on the profitability of the individual business units within the company as well as a re-appraisal of the value of the assets on OFG's balance sheet.

The review was undertaken against a backdrop of significant global financial uncertainty, which has impacted many Australian businesses and led to considerable share market volatility. Significantly, much of the impact of these market conditions was not felt locally until calendar 2008. The rapidly changing credit conditions in particular have made the task of assessing carrying values for mortgage and property assets more difficult and time consuming than it would otherwise be.

Whilst OFG's earnings are underpinned by its recurring Property Funds Management and Friendly Society earnings, it is not immune from the above influences. Moreover, the board wishes to provide transparent financial reporting and to make any necessary provisions in a timely manner. This stance optimises the opportunity for a profitable, 2008/2009 financial year with all major provisioning expected to be behind the company.

Mr McBain said the new board and management had taken decisive action to place OFG on the best possible footing for future growth.

"This financial year has been challenging for OFG. A disagreement at board level about the direction of the company had to be resolved by going to the shareholders at the November 2007 Annual General Meeting," Mr McBain said.

"At that meeting four new directors were appointed and since then the revised board has been carefully assessing the position of the company including the book value of certain assets."

"That review resulted in the need to write down the fair value of some of the assets, including OFG's investments in commercial mortgages and directly owned real estate. The review has highlighted the need to concentrate on core activities and with hindsight, the decision to close the commercial mortgage division in 2007 was advantageous. Equally, the sale of the small financial planning business unit is consistent with the need to focus on those activities which add value to the company as we progress."

"It is extremely unfortunate that the timing of this fresh approach has coincided with very difficult conditions in global credit markets and equity markets. My personal view is that whilst these cycles create some distress for highly leveraged businesses, and a need to re-examine balance sheet valuations - volatile markets do create opportunities to acquire assets and businesses at low prices for groups such as ours."

"We have taken decisive action at an early stage to put OFG on the best possible footing for the future and whilst these decisions are difficult they are ultimately in the interest of shareholders. I also want to take this opportunity to thank our staff for the dedication and application they have demonstrated over the past twelve months".

"Finally the board and the entire management team share a major investment in OFG alongside shareholders and we are committed to growing profits from the core business units and maximising shareholder value."

Balance Sheet Adjustments

Having regard to the present economic conditions the Board believes the most responsible approach is to re-assess the value of the company's assets and ensure that the balance sheet reflects the correct current value.

It is important to note that reduction in asset carrying values reflects current Australian accounting standards requiring the company to treat any decreases in the carrying value of company assets as expenses against accounting profit.

Further guidance in respect of the adjustments is set out below as after tax adjustments*;

	6 mths to 31/12/07 (\$ Million)	6 mths to 30/6/08 (\$ Million)	12 mths to 30/6/08 (\$ Million)
One-off expenses relating to contested AGM by previous Board	-0.81		- 0.81
Balance sheet adjustments			
write – offs of commercial mortgages	-0.97	-2.98	-3.95
fair value adjustments to property assets		-2.53	-2.53
fair value adjustment to investment in Associate		-3.0	-3.0
write - off on sale of Lifetime Planning business unit		-0.28	-0.28
Reverse Mortgage Division			
change of accounting method re up- front commissions payable		-1.19	-1.19
Total			-11.76

* This guidance is subject to final accounting and audit approval when year end accounts are prepared and examined but the company considers the figures are sufficiently accurate to warrant disclosure.

Notes to Balance Sheet Adjustments

OFG holds three properties on balance sheet which were acquisitions entered into prior to 30 June 2006 by the previous board/management. The properties were purchased with the intention of resale and it is OFG's intention to market them for sale. The write-downs equate to 6.6% of the current book value of the properties.

OFG continues to wind down its commercial mortgage book following its announcement to market in April 2007 of the closure of the division. Following the write-offs detailed today, as at the 30 June 2008, the on-balance sheet mortgages will total approximately \$16 million most of which is expected to be repaid over the next six months. The three mortgages subject to write-downs were also written prior to 30 June 2006.

OFG announced the sale of its sub-scale financial planning business unit - Lifetime Planning in April 2008. Whilst this generated a small write-off of goodwill, the sale allows OFG to concentrate capital and resources on core activities.

Profit Guidance for 2007/2008

In line with our continuous disclosure obligations the directors expect that although normalised profit for the 12 months to 30 June 2008 will be in line with previous years, OFG will make a loss of between \$3.56 million and \$3.76 million this year. This loss is predominantly due to significant one-off expenses and reductions in the fair value of certain group assets as noted above.

The current position is summarised as follows;

Net profit after tax (NPAT) 12 months to 30/6/07	\$7.57 million
Normalised NPAT guidance for 12 months to 30/6/08	\$8.00 to \$8.20 million
NPAT guidance 12 months to 30/6/08 – After taking into account one off expenses, fair value asset adjustments	-\$3.56 to -\$3.76 million

Final Dividend Guidance

OFG distributed a dividend for the six months to 31 December 2007 of 5 cents. It is proposed to distribute a further 3 cent final dividend from retained earnings for the six month period to 30 June 2008 making a total distribution for the financial year ended 30 June 2008 of 8 cents, fully franked.

Whilst the final dividend reflects the reduced accounting profit guidance for OFG, it also takes into account the boards view that the majority of the profit adjustments are one-off in nature and there is a positive view of the continuing underlying profitability of the business.

Reintroduction of Dividend Reinvestment Plan

OFG's Dividend Reinvestment Plan was suspended in September 2007 prior to the Annual General Meeting that year.

This was a popular programme and the current board has resolved to reinstate the Dividend Reinvestment Plan. OFG will write to its shareholders shortly notifying them that the plan has been re-instated and inviting those not already a participant in the plan to apply.

Profit Outlook for 2008/2009 financial period

Although OFG expects the Australian economy to be relatively subdued in the 2008/2009 financial period, the recurring income from the major business units of the group is expected to be solid.

Whilst it is too early to issue precise guidance for the 2008/09 period OFG currently believes that the likely earnings during this period should match or exceed the 2007/2008 normalised earnings guidance of \$8.0 - to \$8.2 million (after tax) and the total dividend should match or exceed 11 cents per share. Barring unforeseen trading conditions, the current expectation is to generate these earnings without the need for further balance sheet write-offs.

OFG intends to provide further profit guidance affirmation when results for the first 6 months of the financial period commencing 1 July 2008 are released.

Business Highlights and Outlook

The combined business units now manage Friendly Society bonds, unlisted property trusts and mortgage assets valued at \$2.07 billion.

Friendly Society

Friendly Society management is a core activity of OFG and the company manages investment bonds totalling \$918 million.

OFG has placed a renewed focus on its Friendly Society business and will be re-opening three of its investment bonds in coming months. These bonds will complement the existing Flexible Investment Bond products and will provide investors with a choice of six bonds, each with a different investment objective and risk profile.

OFG is working on the feasibility of other new bonds to further enhance the suite of investments offered through its Flexible Investment Bond product. These include, for example, a direct property investment bond. The intention is to provide investors with an even greater choice for investing into, or switching between, any of the OFG investment bonds easily and tax effectively.

Property Funds Management

Property Funds Management is another core activity of OFG. The settlement of the acquisition of the 51% interest in specialised unlisted property trust manager Eclipse Property Group which was announced to the market on 15 April 2008 occurred on 30 June 2008. Together with the 100% owned subsidiary - Century Funds Management Limited



portfolio, this increases OFG's property funds under management or associated management to \$930 million.

These properties are held by trusts managed by OFG and its subsidiaries, the only properties held on balance sheet are those referred to previously under "Balance Sheet Adjustments".

Property Funds Management operational highlights include;

- The sale of a Girraween, NSW, property announced in May 2008 for \$16.75 million, representing a total return to investors of 27% per annum and at a price \$750,000 in excess of a March 2008 independent valuation.
- The acquisition of a further \$53.8 million of properties within the Century managed trusts and \$40.13 million of assets within the Eclipse managed entities. Century stapled four of its bulky goods trusts to create the Century Bulky Goods Trust No.1, a \$130 million open-ended, unlisted direct property trust.
- Century's headline unlisted diversified trust, Century Balanced Fund, grew to \$175 million, this fund specialises in commercial and industrial property investment. All properties were revalued as at 30 June 2008 and all valuations increased except one which remained unchanged.

None of the OFG property fund management subsidiaries operate a listed property trust. These managers specialise in direct property investments which have not tracked the equity markets downwards in the same manner as the Listed Property Trust sector.

In the coming year Century Funds Management will release a new opportunistic unlisted fund to compliment its existing investment products. This fund specifically aims to acquire assets divested by listed and private owners that may come under pressure as a consequence of the present and foreseeable market conditions.

Reverse Mortgage Division, Insurance Agency, Financial Planning

OFG's insurance agency has remained profitable and marketing of the insurance offering is being increased.

OFG's reverse mortgage division has written loans totalling \$230 million in committed value of which \$180 million is drawn, in addition to which a number of loans are in approval stage.

In April 2008, OFG announced the sale its financial planning division, Lifetime Planning. This business unit was considered sub-scale and its disposal is part of a continuing effort to focus on core activities.

Clarification of Substantial Shareholder Notice

There has been considerable confusion regarding a recent Australian Stock Exchange (ASX) notification.

In November 2007 a group of executives within OFG who collectively hold 12.6% of the OFG stock, approached the shareholders at the Annual General Meeting to vote on a number of new directors for OFG. Corporations Law provides that where groups of shareholders intend voting collectively on an issue they must notify the market of the nature

of their association. This notification must take the form of a compulsory lodgement with the ASX.

Now that the AGM has passed and the shareholders have chosen their directors the executive shareholders referred to cease to have an issue in respect of which they wish to vote collectively, that is to say, each person will vote as an individual. Accordingly, on the 19th June 2008, these executives lodged a further notification with the ASX confirming the termination of their *voting* association.

There has been some misapprehension that these individuals have divested shares in the company which is not the case.

The executives are all senior managers. They have not sold any shares since becoming shareholders in 2006 and they continue to purchase further shares in the company.

For further information, please contact;

- **CEO Over Fifty Group - John McBain on 02 8923 8923**
- **Media - Matthew Horan, Cato Counsel on 0403 934 958**

