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7 July 2008

Dear Shareholder

OVER FIFTY GROUP ANNOUNCES RESULTS OF REVIEW OF OPERATIONS

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. At that meeting shareholders elected four new directors creating what is effectively a new board.

On 1 July 2008 we announced the results resulting from a comprehensive review of the company's operations.

What is this review and why was it necessary?
Over the past six months the revised board has been carefully assessing the position of OFG. This was a commercial review focussing on the profitability of the individual business units within the company as well as re-appraising the value of the assets on OFG's balance sheet.

The full results of the review were posted on the company announcements platform of the Australian Stock Exchange on 1 July 2008. This letter summarises the review and shareholders can obtain their own copy in the following ways;

- OFG website - www.overfifty.com.au – media section
- Contact our call centre on 1300 50 50 50, and we will send you a copy

How do the current volatile financial markets affect OFG?
The review was undertaken against a backdrop of significant global financial uncertainty stemming initially from aggressive lending into the US residential markets. Credit conditions have tightened internationally and the flow on effects have impacted many Australian businesses and led to considerable share market volatility.

These 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 Friendly Society and Property Funds Management earnings, it is not immune from the above influences.

What does this mean to shareholders?
You have every right to be informed as to what OFG management are doing to protect your interests and prepare for the future. 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.

How does this affect my Friendly Society Investment?

The financial results for OFG are completely unrelated to your Friendly Society investment. This is managed by Over Fifty Mutual Friendly Society Limited through a series of investment committees and professional independent asset consultants and fund managers.

The following specific steps have been taken;

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 that the balance sheet reflects the correct current values.

This approach reflects current Australian accounting standards requiring the Company to treat any decreases in the carrying value of company assets as expenses against accounting profit in the year ended 30 June 2008.

This has resulted in a range of fair value adjustments and write-offs being made summarised as follows;

	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	-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***

Profit Guidance for 2007/2008

Although normalised profit guidance for the 12 months to 30 June 2008 has increased, OFG will make a loss of between $3.56 million and $3.76 million this year. This loss is predominantly due to the one-off expenses and reductions in the fair value of certain Group assets as noted above.

NPAT (Net profit After Tax) guidance is summarised as follows;

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.***

Reintroduction of Dividend Reinvestment Plan
This programme was suspended prior to the 2007 AGM. The board has resolved to reinstate the Dividend Reinvestment Plan ("DRP"). Attached to this letter is an application form for you to join the DRP if you have not already done so. Those who previously joined the DRP prior to its suspension only need to notify our share registry if they no longer wish to be a participant.

Profit Outlook for 2008/2009 financial period
Although we expect 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 the traditional dividend of 11 cents per share.

We have made every attempt to ensure that the write-offs and provisions we have been forced to make in the 2007/2008 year are not duplicated in the 2008/2009 period.

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. We have placed renewed focus on the Friendly Society business and will be re-opening three of its investment bonds in coming months with further new bonds in the pipeline.

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. 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 and to concentrate on increasing returns.

Property Funds Management
Property Funds Management is another core activity of OFG. The acquisition of the 51% interest in specialised unlisted property trust manager Eclipse Property Group settled 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.

Property Funds Management operational highlights include;

- Sale of a Girraween, NSW, property in May 2008 for $16.75 million, at a price $750,000 in excess of a March 2008 independent valuation.
- Acquisition of a further $53.8 million of properties within Century managed trusts and $40.13 million of assets within the Eclipse managed entities
- Century's unlisted diversified trust, Century Balanced Fund, grew to $175 million, specialising in commercial and industrial property investment.

- In the coming year Century Funds Management will release a new opportunistic unlisted fund to compliment its existing investment products.

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 senior executives within OFG who collectively hold 12.6% of the OFG stock (including myself), approached the shareholders at the AGM to vote on a number of new directors for OFG. Where groups of shareholders intend voting collectively on an issue they must notify the ASX of the initiation of their voting association.

Now that the AGM has passed, on the 19th June 2008 these executives lodged a further notification with the ASX confirming the termination of their *voting* association. They have not sold any shares since becoming shareholders in 2006 and they continue to purchase further shares in the Company.

Summary

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 businesses 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 you and we are committed to growing profits from the core business units and maximising shareholder value.

Yours sincerely

John McBain
Chief Executive Officer

over Fifty group

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A REINVESTMENT PLAN APPLICATION OR VARIATION

Please use a BLACK pen. Print CAPITAL letters inside the shaded areas. A B C 1 2 3 **Where a choice is required, mark the box with an 'X'** X

This form is to be completed where the securityholder wishes to have their payments reinvested under the rules of the Reinvestment Plan.

I/We being the above named holder of registered securities wish to participate in the DRP as indicated below.

I/We authorise the application of the payment to me/us with respect to the number of securities participating in the Plan at the price and subject to the rules of the Plan.

I/We hereby agree to be bound by the rules of the Plan in subscribing for additional securities.

I/We acknowledge that I/we may vary or cancel my/our participation in the Plan, in accordance with the rules of the Plan. This will cancel any earlier Plan instructions and take priority over any direct credit instructions.

Degree of Participation (cross appropriate box):

☐ **FULL PARTICIPATION** – Including any further acquisitions.

or

☐ **PARTIAL PARTICIPATION** – Please specify the number of securities to participate in the Plan

B SIGNATURE(S) OF SECURITYHOLDER(S) – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary/Director (delete one)	Director/Company Secretary (delete one)	Date ___/___/______

Signing Instructions: This form should be signed by the securityholder. If a joint holding, all securityholders should sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the *Corporations Act 2001* (Cwlth) (or for New Zealand companies, the Companies Act 1993).

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the Corporations Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected, then it might not be possible to administer your securityholding. Your personal information is held on behalf of Over Fifty Group Limited ("OFG") and may be disclosed to OFG. You can obtain access to your personal information by contacting us at the address or telephone number on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

OFG may use your personal information to provide you with information about OFG or products and services offered by it or related entities. Detail of OFG's privacy policy can be found on their website (www.overfifty.com.au). If you do not wish to receive this material please notify Link Market Services on 1300 554 474.