

VIA ELECTRONIC LODGEMENT

30 October 2008

Australian Stock Exchange
Company Announcements Platform

Annual General Meeting – Chairman’s and Managing Director’s Address

Please find attached the Chairman’s address and Chief Executive Officer’s address to be given to the Over Fifty Group 2008 Annual General Meeting convened for 11:00 am on 30 October 2008.

Yours faithfully

TERRY REID
COMPANY SECRETARY



Over Fifty Group Limited
CHAIRMAN'S ADDRESS TO AGM — 30 October 2008

Good Morning,

As I said in the 2008 Annual Report, the 2008 financial year has been a challenging one for the Over Fifty Group of companies. Since the release of the Annual Report, market conditions have arguably got considerably worse. John will talk more in a few minutes about the Group's results for 2008, but as you will have seen from the Annual Report, the result was marred by a series of write-downs in asset values and one off expenses.

What I can say to you is that your directors are working very hard to improve the Group's performance. One of the first things that the newly constituted Board instigated after last year's AGM, was a thorough review of all of OFG's businesses. We did this out of concern that several of the businesses were performing poorly and were impeding other parts of OFG.

As a result of our review of OFG's business, decisions have been made to restructure the group's business. That is an ongoing process which will take considerably more time to complete. However, the restructure is essential in order to properly position OFG so we can take advantage of opportunities which we believe are likely to arise in the medium term as a result of the economic conditions currently underway.

With the resignation in February 2008 of Chris Martin as CEO, John McBain agreed to take over that role. John has done this with his usual combination of focus, determination and energy and has the complete confidence and support of the Board.

The Board believes that the initiatives currently being undertaken will deliver a stronger company, able to prosper even if these uncertain times continue for an extended period.

Over Fifty Group Limited

Chief Executive's AGM Address — 30 October 2008

I would like to add my personal welcome to the 2008 Annual General Meeting of the Over Fifty Group.

As you are aware, we have experienced changes at a Board and management level but I want to reinforce that OFG (as we refer to the company) has a firm commitment to its shareholders, and through our Friendly Societies we retain a strong mutual philosophy of service to our members.

Many of you become shareholders as a result of the de-mutualisation of the Friendly Society in 2001 and your Board and all our management team appreciate the special ongoing relationship and trust this creates. We value this trust greatly and understand that in return we need to work hard to continue to earn it.

I accepted the position of Chief Executive Officer in February 2008 and I have a significant shareholding in OFG. In fact your Board and senior management represent a combined shareholding in OFG of 16 per cent of the OFG shares on issue so whatever outcomes the company achieves or challenges it faces are shared by the people you have selected to represent you.

I believe that this co-investment links our interests directly with your interests in an almost unique way for a publically listed company

Global and Local Financial Market Conditions

A lot of company reports I have read lately have dealt with the serious problems experienced over the last year in world investment markets but have then gone on to virtually ignore their own performance.

I will touch on market conditions but today I want to ensure you are updated on what is being done within the company, what remains to be done, and how we see the future.

We have witnessed a significant tightening of world credit in response to the sub-prime lending crisis in the US. Continued reckless lending in the US on poor quality assets to borrowers with insufficient ability to repay has triggered a global financial upheaval that has crossed many borders with unprecedented knock-on effects, including a massive decline in the availability of credit internationally and the US Treasury-led takeover of several major US investment banks and the effective nationalising of the two largest mortgage guarantors in the US.

After this we saw the collapse of Lehman Brothers a major US investment bank and the US Government's approval of a \$US700 billion package to effectively bail-out the US financial system.

The damage has not been confined to the US, with central banks in Europe taking up mortgage securities and in some cases assisting banks to promote normal lending. What is comforting is that these steps are being taken in a global framework which is the best way to put our economies back on track again.

Locally, we have seen the major ASX All Ordinaries Index slump about 45% over the past 12 months, some companies have performed far worse than the broad index.

How does OFG fit into this picture?

Our share price performance has been disappointing even against this backdrop. I believe that this has been due to a number of factors that we are addressing, including:

- The market for companies with small capitalised values (“small caps”), such as OFG, has been hardest hit by local market conditions
- The market has viewed negatively the history of OFG unsuccessfully entering a large number of business areas outside its core activities.
- The general global and local financial conditions
- What I refer to as a “wait and see” attitude by the market to gauge how the new Board and management are re-focusing OFG.

To suggest that the continuing difficult international market conditions will not affect the operation of most Australian companies is unrealistic. We are in for a year of tough business conditions and at the end of this period the companies which concentrate on their core activities will survive and be rewarded with opportunities presented in this climate.

An independent survey of the relatively conservative balanced Australian superannuation funds showed that in the 12 months to June 2008, the median return was negative 6.4%. Many investment funds had far lower returns. The performance of our Friendly Society bonds has also been affected by these financial conditions, some bonds with Australian equity investments have been affected but in the case of many of the bonds, because of their conservative, defensive nature, the returns have been in positive territory.

I ask Friendly Society members to remember that there will be infrequent periods when unsatisfactory results are experienced as a result of global conditions. That is not to say that we should not do more to make returns more robust and our investment committees and external asset consultants are well aware of their responsibilities in this regard.

The Board and management at OFG have taken a number of strategic actions to improve the performance of OFG and shareholder wealth. These include:

- 1) A focus on the strong reliable cash flows generated by managing the \$2 billion worth of assets we control.
- 2) Cessation or disposal of unprofitable divisions.
- 3) Reduction of staffing and head office expenses.
- 4) Implementing sale programmes to liquidate legacy property assets on balance sheet
- 5) Manage the commercial loan book to expiry and repatriate capital to balance sheet

By trimming our sails in these difficult conditions, we are effectively restructuring the business to take advantage of future opportunities.

Financial Results

In the past, many of you will have found it impossible to decipher the financial reports included in past annual reports. The reason for this is that the current Australian accounting standards require OFG to consolidate the accounts of all the Friendly Society benefit funds with OFG's corporate accounts. The result is a complying but virtually meaningless set of audited statutory accounts. This is not the fault of our accounting staff or auditors.

I have broken out the OFG figures on a stand-alone basis in the information sheet you have been handed.

It is important to remember that financial results fall into two categories, results of yearly trading activities and the effects of one-off items. Accounting standards require all companies to take one-off balance sheet adjustments to the profit and loss account, such as revaluations of assets held by the company. It is worthwhile to look at these adjustments to discover the true annual trading performance of the group. Most companies refer to this as "normalised results".

In summary, OFG achieved a normalised profit of \$8.019 million after tax for the 12 months to 30 June 2008, however after fair value adjustments, write downs and one off expenses the resultant accounting loss was - \$2.707 million.

Analysis of OFG Profit and Loss (excluding Friendly Society Benefit Funds)

	2008	2007	% Change
	\$000's	\$000's	
Normalised by major division			
Property Funds Management	4,304	5,824	-26.1%
Property Investments	319	3,097	-89.7%
Reverse Mortgages	(1,456)	(3,465)	58.0%
Friendly Society	11,709	12,963	-9.7%
Commercial Mortgages	4,213	2,756	52.9%
Corp	(5,803)	(9,137)	36.5%
Other divisions	1,625	1,199	35.5%
Normalised EBIT	14,912	13,237	12.6%
Finance costs Corporate Debt	(1,525)	(928)	
Tax (expense) reported	(1,882)	(4,864)	
Tax (expense) on one off adjustments	(3,486)	(280)	
Normalised NPAT	8,019	7,165	11.9%
Write off of Bad Mortgage Debt (after Tax)	4,399	2,650	
Write down of investment in Associate (after tax)	3,000	-	
Fair value in investments (after tax)	2,513	(2,699)	
Other expenses - AGM exp (after tax)	813	-	
Other expenses - Branding (after tax)	-	700	
Reported NPAT	(2,707)	6,514	-141.6%

EBIT - Earning before Interest and Tax

NPAT – Net Profit after Tax

The major issues to note are:

- Prior to adjustments, earnings increased by 11.9% for 2008
- Mortgage bad debt balance sheet write offs of \$4.4 million after tax were taken into the profit and loss account. The Board and management are working through the few remaining loans to maturity.
- The Board has examined the existing investment in 50% owned associated company Mortgageport, a mortgage provider, and has written down the value of this holding by \$3 million to approximately \$5 million. This write-down also flows to the profit and loss account.
- The Board has examined legacy property investments held on the company's balance sheet for re-sale and believes that a negative adjustment of \$2.51 million should be provided - again flowing through to the profit and loss account.

- Finally, a revenue expense of \$813,000 has been isolated, which is the expense incurred by the previous Board and management relating to the November 2007 “strategic review” and one-off Annual General meeting expenses. This is considered a “one-off” expense.

I hope this analysis makes it clear that the earning ability of the company was strong for the financial year to June 2008 and that the factors causing the decrease in reported profit were mainly adjustments to holding values for legacy assets held on the OFG balance sheet.

While we are concerned that these adjustments are large in comparison to total profit, it would be wrong of the Board not to reflect the reality of the position.

Dividend and Earnings

OFG distributed a final, fully franked dividend of 3 cents per share, which will make up a full year, fully franked dividend of 8 cents per share for the financial year to 30 June 2008.

Dividend Reinvestment Plan

The dividend reinvestment plan has been reinstated and this popular scheme is now being utilised by many shareholders. We encourage your participation in this scheme.

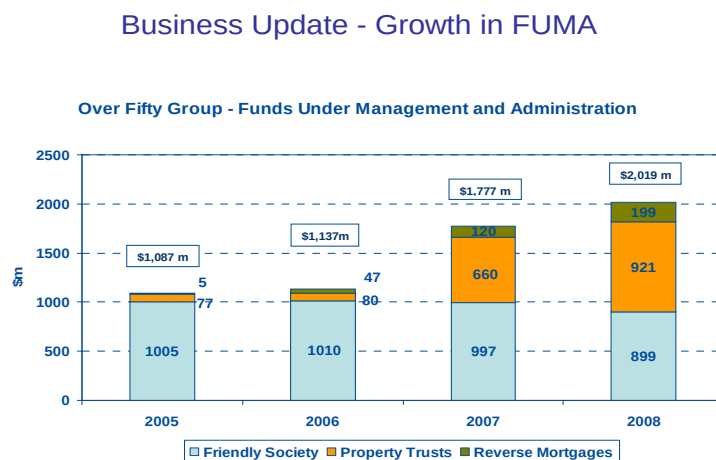
New Board and Management Teams

You elected several new directors in November 2007 and the newly composed Board has taken a number of steps to improve the prospects of OFG. In summary the major initiatives to date include:

- A major focus on the core activities of Friendly Society management and Property Funds Management.
- Sale of the small, non-core financial planning division.
- Acquisition of a 51% interest in Eclipse Property group, a profitable, property funds manager with a business strategy aligned to a core OFG activity.
- A detailed analysis of the entire business and the consequent need to write-down the value of the assets, as described above.
- Implementation of programme to reduce corporate expenses by 36% in the year to 30 June 2008, with further falls planned this year.
- Suspension of lending in the Reverse Mortgage business unit.
- Continued management of commercial loans held on balance sheet towards maturity, allowing repatriation of funds to the balance sheet
- Commencement of sale process of the three legacy property assets held on the OFG balance sheet.
- Reduction in total staff numbers from 71 to 45

Funds under Management

With the acquisition of Eclipse Property Group, OFG's funds under management have increased a significant 14% to \$2.02 billion.



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It is our view that adhering to the simple policy of concentrating on our core activities will underpin profitability and put the company on the best possible footing to take advantage of future opportunities.

The OFG Board and management believe that while the next 12 months will be extremely challenging for all companies the strong cashflows generated by the \$2.0 billion of funds under management are the core earnings that underpin OFG's performance.

Personnel at OFG

We are delighted that one of key executives at OFG, Terry Reid, who has worked in the company for 18 years has recently taken up the post of General Manager – Friendly Societies, effective October 2008. Terry is a qualified chartered accountant with an in-depth knowledge of the Friendly Society business and is well known to members.

I am also pleased that we have been able to appoint a new Chief Financial Officer to OFG from within our existing staff. Matthew Coy has been appointed to this position, effective October 2008. Matthew is the current CFO of Century Funds Management, our main property funds management division.

Matthew is a qualified chartered accountant with 25 years experience and his appointment to this position strengthens our key executive team enormously.

Also, in November 2007 Jason Huljich was appointed to the OFG Board. Jason is a talented executive who holds the position of General Manager – Property for the Group's entire property funds management and direct property holdings – currently \$920 million.

In a departure from previous practise, the two core businesses – Friendly Societies and Property Funds Management are headed up by a director and the company secretary. This is the best way that the Board can align itself with management and these key executives hold OFG shares along side you.

Outlook

We remain committed to the two core activities of the group, property funds management and friendly society management. As I have said previously, the strong management income streams from these business units underpin our earnings.

We will continue to look at ways of improving the performance of both the friendly society bonds and the property trust returns.

We will continue to communicate clearly to our shareholders and investors.

This new team has had seven months to deliver this annual report to you, the majority of which has been in some of the toughest financial conditions we are likely to see in our life-times.

You have a well qualified Board that I respect and I am privileged to serve under, a hard working management team with a big stake in the company and can I ask you to let us continue the job we have started and get this company back to basics where it all started.

John McBain
Chief Executive Officer
Over Fifty Group