

28 February 2011

Australian Securities Exchange  
Company Announcements Platform

## OVER FIFTY GROUP ANNOUNCES HALF YEAR RESULTS

- Underlying net profit before tax of \$4.5 million
- Underlying net profit after tax of \$2.2 million
- Reported net loss after tax of \$2.5 million
- Interim dividend of 2.5 cents per share, payable in April 2011
- Final dividend guidance of 3.5 cents per share reconfirmed
- Net assets of \$93.2 million – equivalent to \$1.19 per share
- Net tangible assets of \$39.3 million – equivalent to 50 cents per share
- Favourable outlook driven by new business initiatives

Over Fifty Group Limited (“**OFG**” or the “**Company**”) is pleased to report underlying net profit before tax (“**Underlying NPBT**”) of \$4.5 million for the half year ended 31 December 2010 (“**1HY11**”), compared with \$4.8 million in the previous corresponding period. Underlying net profit after tax (“**Underlying NPAT**”) was \$2.2 million, equivalent to 2.8 cents per share (“**cps**”). Underlying profit represents reported profit tax adjusted for items of a non-recurring nature and excluding the consolidated financial affairs of the benefit funds.

The directors believe Underlying NPBT provides the most relevant measure of the ongoing performance of the Company and provides a more meaningful benchmark for future performance than reported net profit after tax (“**Reported NPAT**”).

A summary of OFG's half year results is presented below:

### Half Year Results Summary (excluding benefit funds)

Half Year Ended	31 December 2010 \$'000	31 December 2009 \$'000
Total revenue	21,627	22,778
Underlying NPBT	4,503	5,148
Underlying NPAT	2,178	3,188
Reported NPAT	(2,544)	3,192
Interim Dividend	2.5c	2.5c
- Franking (@30% tax rate)	30%	30%

While the Underlying NPBT is broadly in line with the expectations of management and the directors given the timing of Property Funds Management receipts (ie the majority of major transactions occurring in the second half). The Reported NPAT has been impacted by the following material non-recurring items:

### Underlying NPAT Reconciliation (excluding benefit funds)

Half Year Ended	31 December 2010 \$'000
Underlying NPAT	2,178
Non cash and one off in nature:	
Century Bulky Goods Funds No 1 revaluation movement <sup>1</sup>	(599)
Provision for National Leisure Trust receivables <sup>2</sup>	(3,146)
Impairment of National Leisure Trust property investment <sup>3</sup>	(3,000)
Tax expense (credit) on non cash and one off items above	2,023
	<u>(4,722)</u>
Reported NPAT (loss)	(2,544)

1. The Century Bulky Goods Funds No 1 ("CBG") revaluation movement has resulted from net write-downs in the property investment in CBG.
2. The provision for the receivable in the National Leisure Trust relates to a rental receivable from Hanners Management Pty Ltd. The receivable has been provided for fully however the Company intends to pursue its recovery vigorously.
3. The impairment of the property values in the National Leisure Property Trust has reduced the aggregate carrying value of the company's investment in the trust to nil (ie it has been fully provisioned).

The half year result represents a period of consolidation within the business after witnessing significant turmoil in the marketplace. The Company has expanded funds under management, strengthened its senior management team and renewed its focus on OFG's core strengths and operations.

At 31 December 2010, OFG had a cash balance of \$15.3 million and corporate debt (i.e. excluding non-recourse loans) of \$6.8 million. The Company's total net assets of \$93.2 million and total net tangible assets of \$39.3 million at 31 December 2010 equated to \$1.19 and \$0.50 per share respectively.

The directors are pleased to declare an interim dividend of 2.5 cps (30% franked at the corporate tax rate of 30%). The record date for determining entitlements to the interim dividend is 11 March 2011, with the dividend to be paid to shareholders on 8 April 2011.

The Board remains confident of the future performance of the Company and re-confirms full year 2011 dividend guidance of 6.0 cps, with the final dividend expected to be 3.5 cps.

During 1HY11, OFG announced an Unmarketable Parcel Selling Plan. This capital management initiative streamlined the Company's share register by 6,600 shareholders and resulted in the acquisition of approximately 3.2% of OFG's issued capital subsequent to the end of the period.

At the Annual General Meeting in November 2010, shareholders approved the change of the Company's name to "Centuria Capital Limited" and the process of brand consolidation is underway.

Mr. John McBain, the Chief Executive Officer and Director of OFG commented:

*"We are excited about the future of the Company. Investments have been made across the business to ensure we have the platform for growth into the future. Our balance sheet is well positioned and our underlying result supports the core earnings guidance previously provided to the market."*

## **Review of Operations and Performance**

### **Property Funds Management**

The highlights for the Property Funds Management division during the half year were as follows:

- the sale of 35 Spring Street, Melbourne which was a property in the Over Fifty Direct Property Trust; and
- the appointment by the unit-holders of Century Funds Management Limited ("**Century**") (100% owned by OFG) as replacement Responsible Entity for two Becton funds, Becton Office Fund No. 2 and Becton Diversified Direct Property Fund.

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Funds under management have increased to \$920 million during 1HY11 from \$714 million at the start of the period. Further growth is expected to continue, supported by several key factors including:

- fewer competitors in the marketplace;
- high quality investment properties available at attractive valuations;
- interest rates at an acceptable level;
- loyal direct investor base and continued financial planner support; and
- platform marketing to a wider investment audience.

The Property Funds Management team has been bolstered by the strategic appointments of a number of senior staff. These additional resources have strengthened the management team and provided OFG with the capability to deliver the expected strong growth from this division in the near-term.

The Company expects to settle the off balance sheet purchase by Century Property Trust 14 (“**CPT 14**”) of a Brisbane CBS asset in early March 2011 for \$37.7 million. CPT 14 has been extremely well received in the market place and is expected to contribute favourably to OFG’s 2HY11 earnings, as will other property offerings in the near future.

Terms have been agreed for the purchase of a further investment property in NSW for circa \$30 million. Another Century property trust will be created to acquire this asset and OFG expects investors to support it strongly.

#### *Friendly Society*

As at 31 December 2010, the Over Fifty Mutual Friendly Society (“**Friendly Society**”) administered \$741.7 million of friendly society benefit funds and the Friendly Society division continued to be a major contributor to the Company’s earnings. OFG has remained focused on improving the investment management capabilities and member communication and services of the investment and operational team.

The Friendly Society released its new education investment bond “Sprout” earlier in the year, aimed at providing tax effective benefits for education expenses as well as competitive returns from a highly rated investment product. Following the release of the Sprout investment bond, the Friendly Society released an Imputation Bond which is expected to be well received in the market.

The level of Friendly Society redemptions has fallen sharply and total funds under administration now appear to have stabilised. With a fresh approach, new products and additional new business development managers across an expanded financial planner network, OFG is confident of improving inflows into the Friendly Society going forward.

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### Mortgage Businesses

The reverse mortgage business, Over Fifty Senior Home Equity Release Pty Ltd, administered approximately \$193.3 million in loans as at 31 December 2010. The loans are secured against approximately \$967 million of residential property. Whilst the loans reside on OFG's balance sheet for the purposes of Australian International Financial Reporting Standards, they are totally non-recourse to the wider assets of the group.

The present loan facility has been rolled to 30 September 2011 on favourable terms and the facility has been drawn to \$170 million which represents a loan to valuation ratio of only 17.6%. The OFG management team has commenced discussions with the financier to extend further the term of the facility.

There is significant embedded value emerging in the portfolio as the gap widens between the loan facility balance (which is reducing) and the balance of the underlying mortgages (which are capitalising interest). As noted at the Company's 2010 Annual General Meeting, the expected long term realisation of the embedded value in OFG's reverse mortgage book should generate substantial shareholder wealth.

Mortgage manager and broker, Mortgageport (OFG's 50% associate), has continued to contribute to the Company's result for the year. The mortgages under management by Mortgageport have remained steady throughout the last two years which is a pleasing result for the Company.

### Insurance

The Company continued to operate its insurance agency successfully during 1HY11. OFG is committed to growing this business in targeted areas that demonstrate a strong and reliable recurring income stream with consistent annual growth. The business continues to service actively the risk requirements of approximately 29,000 policyholders.

### **Outlook**

OFG believes its Property Funds Management division is well positioned to take advantage of acquisitive growth opportunities on behalf of new property funds. The Company is one of a handful of managers making acquisitions in what is a buyer's commercial property market. This presents OFG with a favourable opportunity to increase its funds under management on attractive terms.

The Company is also very active in the acquisition of property funds management rights provided the calibre of the assets meets its strict criteria.

Funds under administration in the Friendly Society have stabilised and this division is expected to continue to generate strong underlying profitability. The focus now is on growing the business with new products and other value initiatives.

Reverse mortgages should become a significant contributor to long term shareholder value as the embedded value of this significant portfolio is realised over time. The Board remains committed to this objective.

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In summary, the Board and the OFG management team are disappointed to report a slight decline in the Underlying NPBT for the half year. However, during this period, the Company has invested for future growth and made substantial progress in the development of its businesses. Accordingly, the prospects for the second half of the financial year are favourable. In the absence of unforeseen circumstances, the Board expects OFG to deliver strong Underlying NPAT and earnings per share in FY11.

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**For further information in relation to the half year results, please contact:**

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**Appendix 4D**  
**Half Year Report**  
**OVER FIFTY GROUP LIMITED**

ABN: 22 095 454 336

<b>1 Reporting period: 6 months to 31st December 2010</b>			
<b>Previous period: 6 months to 31st December 2009</b>			
<b>2 Results for announcement to the market</b>	<b>\$'000</b>	<b>% change from</b>	<b>previous period</b>
2.1 (a) Revenue from ordinary activities (including Benefit funds).	37,208	-33.25%	
2.1(b) Revenue from shareholder activities (refer 2.6 below)	21,627	-5.06%	
2.2 Loss from ordinary activities after tax attributable to members.	(2,544)	-179.68%	
2.3 (a) Net loss for the period attributable to members.	(2,544)	-179.68%	
2.3 (b) Normalised net profit after tax for the period attributable to members (refer 2.6 (i) - (v) below)	2,178	-31.67%	
2.4 Final dividend 2010:			
Amount per security (cents)			2.5 cents
Franked amount per security (cents)			0.75 cents
Proposed interim dividend 2011:			
Amount per security (cents)			2.5 cents
Franked amount per security (cents)			0.75 cents
2.5 Interim dividend:			
Record date for determining entitlements to the dividend			11 March 2011
2.6 Revenue from ordinary activities (refer 2.1(a)) includes the combined revenues of both the consolidated corporate group as well as the Benefit Funds which, due to accounting standards, all operating revenue and expenditure from the Benefit Funds of our wholly-owned friendly society must be consolidated with the Group results.			

The main sources of revenue from shareholder activities (refer 2.1(b)) were from the operations of the Over Fifty Mutual Friendly Society, Property Funds Management division and the Reverse Mortgage business.

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The after tax profit result for the six months (refer 2.2) was impacted by the following specific non-cash and one off significant expense items:

Normalised Operating profit after tax \$ 2,178

Non cash and one off in nature:

1. Century Bulky Goods Funds No 1 impairment of investment (OFG)	\$	(599)
2. Provision for National Leisure Trust receivables	\$	(3,146)
3. Impairment of National Leisure Trust's investment property	\$	(3,000)
Tax benefit on non cash and one off items (on items 1 to 3)	\$	2,024 (4,722)

Reported net profit after tax \$ (2,544)

3 Net tangible assets backing:

	<b>2010</b>	<b>2009</b>
Number of Ordinary Shares	78,479,449	69,568,702
Net tangible assets (\$000's)	39,335	36,021
Net tangible assets per security	\$0.50	0.52
Net assets	93,206	88,646
Net assets per security	\$1.19	\$1.27

4 There were no entities over which control has been gained during the period.

5 Final dividend 2010:

Date dividend paid	01-Oct-10
Amount of dividends paid ('000)	\$1,884
Amount per security of foreign sourced dividend	0.00

Proposed Interim dividend 2011:

Date dividend payable	08-Apr-11
Amount of dividend payable	2.5 cents
Amount per security of foreign sourced dividend	0.00

6 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 ASX Perpetual Registrars Limited.

7 The Group owns 50% of the shares in Mortgageport Management Pty Limited. As the Company does not have control the entity is treated as an associate and accounted for using the equity method.

The contribution to the group's results for the half year was \$48,478 (2009: \$947,123).

8 Over Fifty Group Limited is not a foreign entity nor are any of the controlled entities.

9 This report is based on accounts, which have been reviewed by the auditors. A copy of the auditor's review report is attached.

The accounts are not subject to qualification.

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**OVER FIFTY GROUP LIMITED AND CONTROLLED  
ENTITIES**

**A.B.N. 22 095 454 336**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

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The Directors of Over Fifty Group Limited (the Company) submit the following report of the Over Fifty Group Limited and its subsidiaries (the Group) in respect of the half year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**DIRECTORS**

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

R.W. Dobson, LL.B (Hons), LL.M. (Chairman since appointment). Independent Director since 28th November 2007.

P.J. Done, BComm, FCA. Independent Director since 28th November 2007.

D.K. Gupta, BComm, MBA. Independent Director since 28th November 2007.

J.C. Huljich, BComm. Executive Director since 28th November 2007.

J.E. McBain, DipUrbVal. Executive Director since 10th July 2006.

Unless indicated otherwise, the Directors held their positions as a Director throughout the half year and up to the date of this report.

**COMPANY SECRETARIES**

T.D. Reid, Dip. Bus. Studies (Acc), CA, Fdn FPA. Company Secretary since 10th December 2007.

M.J. Coy, BBus, CPA. Appointed Company Secretary 19th October 2009.

**PRINCIPAL ACTIVITIES**

The principal activities of Over Fifty Group Limited (OFG) as the parent entity, and of its controlled entities in the course of the financial year, were the marketing and management of investment products (including friendly society investment bonds and property investment funds), 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 period.

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**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

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**REVIEW OF OPERATIONS**

The net loss after tax for the half year to 31 December 2010 was \$2.544m (2009 profit: \$3.192m). The net result was impacted by specific non cash and one off expense items largely relating to the two investment property assets as detailed below.

The main sources of revenue were from the operations of the Over Fifty Mutual Friendly Society, Property Funds Management, the Reverse Mortgage and the Insurance Agency businesses.

The result for the six months was impacted by the following:

	\$'000
Underlying results after tax	2,178
Non cash and one off in nature:	
1. Century Bulky Goods Funds No 1 impairment of investment (OFG)	(599)
2. Provision for National Leisure Trust receivables	(3,146)
3. Impairment of National Leisure Trust's investment property	(3,000)
Tax benefit on non cash and one off items (on items 1 to 3)	2,023
	<u>(4,722)</u>
<b>Reported net loss after tax</b>	<b><u>(2,544)</u></b>

**DIVIDENDS**

\$1.884m was declared and paid during the half year to 31 December 2010 (half year ended 31 December 2009: \$nil).

**SUBSEQUENT EVENTS**

On 2 February 2011, Over Fifty Group Limited (Company) successfully closed its unmarketable parcel minimum holding buy-back facility which was first announced to the Australian Securities Exchange on 30 November 2010. A total of 2,548,924 ordinary shares were acquired pursuant to the facility at a price of \$0.68 per share.

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**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

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**ROUNDING OF AMOUNTS**

The company is a company of the kind specified in the Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the financial report and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise indicated.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Directors have obtained a declaration of independence from the consolidated entity's auditors, KPMG, in accordance with section 307C of the Corporations Act 2001, which forms part of this report. A copy of this declaration is attached to this report as set out on page 5.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



**R. DOBSON**  
Chairman



**P.J. DONE**  
Director

Sydney, 28 February 2011

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*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Over Fifty Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for half-year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Steve Gatt  
*Partner*

Sydney

28 February 2011

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

### **Report on the financial report**

We have reviewed the accompanying half-year financial report of Over Fifty Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, condensed consolidated statement of comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Over Fifty Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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**Independent auditor's review report to the members of Over Fifty Group Limited  
(continued)**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Over Fifty Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Steve Gatt  
*Partner*

Sydney  
28 February 2011

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**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**


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The Directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



**R. DOBSON**  
Chairman



**P.J. DONE**  
Director

Sydney, 28 February 2011

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OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	NOTE	Half year ended 31-Dec-10 \$'000	Half year ended 31-Dec-09 \$'000
<b>Continuing operations</b>			
Revenue	2(i)	33,910	35,372
Applications for bonus funds (DPF only)		3,249	7,543
Other income	2(ii)	1,455	1,496
Share of profit in associate	2(iii)	48	281
Employee benefits expense	2(v)	(3,805)	(3,716)
Finance costs	2(iv)	(7,861)	(8,033)
Administration and management fees	2(vi)	(7,998)	(8,998)
Redemption expense (DPF only)		(27,668)	(43,379)
Net movement in policy liabilities - benefit funds		16,910	25,804
Mortgage advance provisioning	2(vii)	(44)	(2,241)
Bad debts expense	2(viii)	(2,889)	(8)
Depreciation and amortisation expense		(282)	(184)
Advertising and marketing expense		(546)	(477)
Rental expense - operating leases		(379)	(393)
Consulting and professional fees		(1,564)	(941)
Share of loss of associates	2(ix)	(1,069)	(3,503)
Realised/unrealised profit/(loss) on investments	2(x)	5,349	10,548
Impairment expense		(5,760)	-
Other expenses	2(xi)	(1,154)	(1,305)
(Loss)/Profit before tax	2(xii)	(98)	7,866
Income tax (expense)/benefit relating to shareholders		(301)	(1,648)
Income tax (expense)/benefit relating to benefit funds		(2,145)	(3,026)
Total Income tax (expense)/benefit		(2,446)	(4,674)
(Loss)/Profit for the period from continuing operations		(2,544)	3,192
<b>(Loss)/Profit for the Period</b>		<b>(2,544)</b>	<b>3,192</b>
<b>Other comprehensive income:</b>			
Gain/(loss) on cash flow hedges taken to equity		990	575
Income tax relating to components of other comprehensive income		(296)	(234)
Other comprehensive income/(expense) for the period (net of tax)		694	341
<b>Total Comprehensive (expense)/income for the period</b>		<b>(1,850)</b>	<b>3,534</b>
<b>(Loss)/Profit attributable to:</b>			
Equity holders of the parent		(2,544)	3,192
<b>Total comprehensive (loss)/income attributable to:</b>		<b>(2,544)</b>	<b>3,192</b>
Equity holders of the parent		(1,850)	3,534
		<b>(1,850)</b>	<b>3,534</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic (cents per share)		(3.3)	5.2
Diluted (cents per share)		(3.3)	5.2
From continuing operations:			
Basic (cents per share)		(3.3)	5.2
Diluted (cents per share)		(3.3)	5.2

**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	NOTE	31-Dec-10 \$'000	30-Jun-10 \$'000
<b>ASSETS</b>			
Cash and cash equivalents	10	62,780	55,368
Trade and other receivables	11	11,549	13,399
Financial assets at fair value through profit and loss	12	464,360	495,733
Other financial assets	12	197,068	208,552
Investment property		24,000	27,000
Investment in associates - equity method		11,626	11,886
Plant & equipment		1,112	1,198
Deferred tax assets		13,875	14,317
Intangible assets		53,871	52,812
Other assets		2,334	2,115
<b>TOTAL ASSETS</b>		<b>842,575</b>	<b>882,380</b>
<b>LIABILITIES</b>			
Trade and other payables		4,070	5,324
Borrowings	5	200,751	204,458
Policyholders funds		520,209	548,040
Derivative financial liabilities		12,007	15,951
Income tax payable		828	(1,800)
Provisions		885	711
Other liabilities		10,619	14,053
<b>TOTAL LIABILITIES</b>		<b>749,369</b>	<b>786,737</b>
<b>NET ASSETS</b>		<b>93,206</b>	<b>95,643</b>
<b>EQUITY</b>			
Share Capital	6	100,472	100,018
Reserves		(635)	(2,172)
Retained earnings		(6,631)	(2,203)
Equity attributable to equity holders of the parent		93,206	95,643
<b>TOTAL EQUITY</b>		<b>93,206</b>	<b>95,643</b>

The accompanying notes form an integral part of this Statement of Financial Position

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**OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	NOTE	31-Dec-10 \$'000	31-Dec-09 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		14,499	5,052
Dividends received		7,556	8,454
Management fees received		9,620	8,422
Rent and other income received		4,610	5,064
Redemption paid from bonus funds (with DPF)		(27,668)	(43,379)
Redemption paid from unit linked funds (no DPF)		(7,534)	(7,753)
Applications received by unit linked funds (no DPF)		968	7,543
Applications received by bonus funds (with DPF)		5,249	2,695
Payments to suppliers & employees		(22,263)	(16,885)
Income tax received		-	5,820
<b>Net cash used in operating activities</b>		<u>(14,963)</u>	<u>(24,967)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned on mortgage loans net of mortgage receipt/drawdowns		4,463	2,816
Receipts from investment property		4,334	-
Payment for plant and equipment		(98)	(36)
Payment for acquisition of subsidiaries net of cash acquired		(1,153)	(50)
Proceeds from sale of other financial assets		26,528	34,260
<b>Net cash provided by investing activities</b>		<u>34,074</u>	<u>36,990</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from/(to) related entities		634	(895)
Dividends paid		(1,884)	-
Proceeds from borrowings		-	4,283
Repayment of borrowings		(9,318)	(22,452)
Payment for deposit on property acquisition		(1,585)	-
Proceeds from equity raising (net of costs)		454	5,904
<b>Net cash (utilised) by financing activities</b>		<u>(11,699)</u>	<u>(13,160)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		7,412	(1,137)
<b>Cash and cash equivalents at the beginning of the period</b>		55,368	28,285
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	10	<u>62,780</u>	<u>27,148</u>

The accompanying notes form an integral part of this Statement of Cash Flows

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OVER FIFTY GROUP LIMITED AND CONTROLLED ENTITIES  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2010

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	Share Capital	Retained Earnings	Cashflow hedge reserve	Share of associates reserves	Share based incentive reserve	Attributable to equity holders of the parent	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2009</b>	89,045	(6,623)	(2,923)	(1,069)	8	78,438	78,438
Profit for the period	-	3,192	-	-	-	3,192	3,192
Gain on cash flow hedges	-	-	575	-	-	575	575
Share of other comprehensive income of associates (net of tax)	-	-	-	205	-	205	205
Income tax relating to components of other comprehensive income	-	-	(173)	(61)	-	(234)	(234)
<b>Total comprehensive income for the period</b>	-	<b>3,192</b>	<b>402</b>	<b>144</b>	-	<b>3,738</b>	<b>3,738</b>
Executive share option plan	-	-	-	-	106	106	106
Non Executive directors share based incentives	178	-	-	-	-	178	178
Shares issued on Capital Raising (net of costs)	6,186	-	-	-	-	6,186	6,186
Payment of dividends	-	-	-	-	-	-	-
<b>As at 31 December 2009</b>	<b>95,409</b>	<b>(3,431)</b>	<b>(2,521)</b>	<b>(924)</b>	<b>114</b>	<b>88,646</b>	<b>88,646</b>
<b>As at 1 July 2010</b>	100,018	(2,203)	(2,067)	(843)	738	95,643	95,643
Profit for the period	-	(2,544)	-	-	-	(2,544)	(2,544)
Gain on cash flow hedges	-	-	990	-	-	990	990
Share of other comprehensive income of associates (net of tax)	-	-	-	843	-	843	843
Income tax relating to components of other comprehensive income	-	-	(296)	-	-	(296)	(296)
<b>Total comprehensive income for the period</b>	-	<b>(2,544)</b>	<b>694</b>	<b>843</b>	-	<b>(1,007)</b>	<b>(1,007)</b>
Issued during the period:	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-
Dividend Reinvestment Plan	454	-	-	-	-	454	454
Payment of dividends	-	(1,884)	-	-	-	(1,884)	(1,884)
<b>As at 31 December 2010</b>	<b>100,472</b>	<b>(6,631)</b>	<b>(1,373)</b>	-	<b>738</b>	<b>93,206</b>	<b>93,206</b>

## CORPORATE INFORMATION

The financial report of Over Fifty Group Limited (the Company) for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Directors. Over Fifty Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars (\$'000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2010 annual financial report for the financial year ended 30 June 2010.

#### Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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	Half year ended 31-Dec-10 \$'000	Half year ended 31-Dec-09 \$'000
<b>2. REVENUE, INCOME AND EXPENSE ITEMS</b>		
<b>(i) Revenue</b>		
Interest and dividends earned by:		
- Benefit funds	13,140	12,358
- Parent and subsidiaries	8,917	8,107
Management fees from:		
- Benefit funds	5,633	6,164
- Related entity	1,044	987
- Property *	3,382	4,312
Rental revenue #	1,579	2,484
Other	215	960
<b>Total Revenue</b>	<u>33,910</u>	<u>35,372</u>
* The 31 December 2009 management fees from Property includes a \$1.0m acquisition fee in connection with 131 Greenfeld Street, settled on 1 December 2009.		
# Rental revenue has decreased as a result of the sale of Chisolm shopping centre in February 2010.		
<b>(ii) Other income</b>		
Commission received	646	604
Other income	809	892
<b>Total other income</b>	<u>1,455</u>	<u>1,496</u>
<b>Total income</b>	<u>35,365</u>	<u>36,868</u>
<b>(iii) Share of profit in associate</b>		
Share of profit in associate - parent and subsidiaries	48	281
	<u>48</u>	<u>281</u>
<b>(iv) Finance costs:</b>		
- Interest	(6,606)	(7,130)
- Borrowing costs	(1,217)	(1,095)
- Guarantee Fees	(38)	(130)
- Reverse Mortgages - one off Fixed For Life (FFL) unrecovered break costs	-	(521)
- Reverse Mortgages - fair value movement on FFL swap	-	843
	<u>(7,861)</u>	<u>(8,033)</u>
<b>(v) Employee benefits expense:</b>		
Employee benefits expense attributable to:		
Wages and salaries	(3,105)	(2,620)
Compensatory performance rights	(240)	(308)
Executive share option plan	-	(106)
Non Executive directors share based incentives	-	(178)
Other associated personnel expenses	(460)	(504)
	<u>(3,805)</u>	<u>(3,716)</u>
<b>(vi) Administration and management fees:</b>		
Administration and management fees incurred by:		
- Benefit funds	(5,620)	(6,046)
- Parent and subsidiaries	(2,378)	(2,952)
	<u>(7,998)</u>	<u>(8,998)</u>
<b>(vii) Mortgage advance provisioning</b>		
Mortgage advance provisioning:		
- Benefit funds	(44)	(2,241)
	<u>(44)</u>	<u>(2,241)</u>
<b>(viii) Bad Debts expense</b>		
Attributable to:		
- National Leisure Trust receivable from Hanbury ^	(3,146)	-
- Deanswood soil pile provision write-back	257	-
- Other	-	(8)
	<u>(2,889)</u>	<u>(8)</u>
^ The provision for the receivable in the National Leisure Trust relates to a rental receivable from Hanners Management Pty Ltd. The receivable has been provided for fully however the Company intends to pursue its recovery vigorously.		
<b>(ix) Share of Loss in Associate</b>		
Attributable to:		
- Benefit funds	(427)	(1,546)
- Parent and subsidiaries	(642)	(1,957)
	<u>(1,069)</u>	<u>(3,503)</u>

	Half year ended 31-Dec-10 \$'000	Half year ended 31-Dec-09 \$'000
<b>2. REVENUE, INCOME AND EXPENSE ITEMS (cont.)</b>		
<b>(x) Realised/ unrealised loss on investments</b>		
Attributable to:		
Profit/(Loss) on sale of unit trusts - benefit funds	5,535	15,127
Unrealised (loss) on financial assets - benefit funds	(186)	(4,551)
Parent and subsidiaries	-	(28)
	<u>5,349</u>	<u>10,548</u>
<b>(xi) Other Expenses</b>		
Attributable to:		
- Parent and subsidiaries	(1,154)	(1,305)
	<u>(1,154)</u>	<u>(1,305)</u>
<b>(xii) (Loss)/Profit before income tax expense</b>		
The amount in the income statement is represented by:		
- (Loss)/Profit before income tax expense relating to shareholders	(2,243)	4,840
- Profit/(Loss) before income tax expense relating to benefit funds	2,145	3,026
	<u>(98)</u>	<u>7,866</u>

**3. RESULTS FOR THE PERIOD**

During the period the group incurred specific non-cash and significant one off items.

	\$'000	\$'000
- Century Bulky Goods Funds No 1 revaluation movement (OFG)	(599)	(1,933)
- GST recovery	-	571
- Reverse Mortgages - one off FFL unrecovered Break Costs	-	(521)
- Reverse Mortgages - fair value movement on FFL swap	-	843
- Impairment write-back of Mortgageport	-	733
- Provision for National Leisure Trust receivables	(3,146)	-
- Impairment of National leisure trust property investment	(3,000)	-
	<u>(6,745)</u>	<u>(307)</u>

**4. INVESTMENTS PROPERTIES**

**Disposals**

There were no new disposals during the half year.

**Acquisitions**

There were no new acquisitions during the half year.

**Revaluations**

Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed bi-annually and supplemented by independent valuations, at least every three years.

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5. BORROWINGS

	31-Dec-10 \$'000	30-Jun-10 \$'000
NAB working capital facility (i)	6,795	4,116
Hire purchase contracts	2	7
Reverse mortgage bill facilities and notes - secured (ii)	169,954	176,335
Investment property facilities - secured (iii)	24,000	24,000
	200,751	204,458

(i) During the half year ended 31 December 2010, a net \$2.7 million was drawn-down from the NAB floating working capital facility (31 December 2009: repayment of \$7.4 million). This net movement is made up of \$5.5 million which was drawn-down to fund the acquisition of the remaining ownership in Eclipse Property Group Limited and facility repayments of \$2.8 million.

(ii) \$170 million (30 June 2010: \$176.31 million) non-recourse notes on issue to ANZ secured over the mortgages held in Senex Warehouse Trust No.1. The notes have a renewal date of 30 September 2011 or repayment of the underlying mortgage loans in the trust. During the half year ended 31 December 2010, \$9 million (31 December 2009: \$15 million) has been repaid by OFG Senex Trust and notes worth \$2.6 million (31 December 2009: \$4.3 million) were issued. It is the expectation of the Company that the ANZ facility will be extended beyond September 2011 on commercially acceptable terms. This is based on the strength of the portfolio with the weighted average loan to value ratio being below 20% and the strong credit quality of the underlying loans

(iii) \$24.0 million bank bill maturing March 2013. This facility is secured over property at Moonah Links, Fingal, Vic and Pepper Sands Resort Torquay which have a combined carrying value of \$24.0m. The bank bill is non-recourse to the wider OFG group, and has been in breach of loan covenants since reported at 30 June 2009.

6. ISSUED CAPITAL

	31-Dec-10 \$'000	30-Jun-10 \$'000
<b>(a) Issued and paid up capital</b>		
Opening balance	100,018	89,045
Dividend Reinvestment Plan	454	459
Share issue on Capital Raising (net of costs)	-	10,349
Non Executive directors share based incentives	-	165
Closing balance	100,472	100,018

(b) Movement in shares on issue

	31-Dec-10		30-Jun-10	
	No. of Shares	\$'000	No. of Shares	\$'000
On issue at beginning of half year	76,994,248	100,018	60,298,873	89,045
Issued during the period:				
Shares issued on Capital Raising (net of costs) (i)	-	-	15,650,818	10,349
Non Executive directors share based incentives (ii)	-	-	225,000	165
Dividend Reinvestment Plan	799,893	454	819,557	459
Share issued based on employee performance rights (iii)	685,308	-	-	-
On issue at end of half year	78,479,449	100,472	76,994,248	100,018

(i) During the prior period OFG raised \$10.349 million, net of raising costs, through an institutional placement of 15.651 million shares. The funds raised were predominately used to repay the corporate debt facility with NAB and to facilitate working capital needs and pursue acquisition opportunities.

(ii) At the AGM in October 2009, the shareholders approved the issuance of 225,000 shares (75,000 to each of the three Non-Executive Directors).

(iii) At the AGM in October 2009, the shareholders approved the issuance of 3 million performance rights to employees over a period of 3 years. A number of 685,308 performance rights have been converted to ordinary shares on 1 July 2010.

7. DIVIDENDS PAID

	31-Dec-10 \$'000	31-Dec-09 \$'000
\$1.884m dividends were paid or declared during the current period (2009: \$nil)	1,884	-

8. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

There are no material contingent liabilities, contingent assets or commitments.



9. SEGMENT INFORMATION

BUSINESS SEGMENTS

Information reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of performance is more specifically focused on operating business divisions. The Group's reportable segments under AASB 8 are therefore as follows:

- (a) Friendly Society Funds Management - a range of financial products, including single and multi-premium investments.
- (b) Insurances - general, home and contents, motor vehicle and travel insurance agency.
- (c) Commercial Mortgages - provide funding and equity capital secured by mortgages.
- (d) Reverse Mortgages - provide funding and equity capital secured by mortgages.
- (e) Mortgageport - equity accounted investment in money manager and mortgage broker
- (f) Property Investments - National Leisure Trust, Chisholm
- (g) Property Funds Management - Century Funds Management Ltd and Eclipse Property Group Limited
- (h) Corporate (incl eliminations)

The accounting policies of the new reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Half year ended 31 December 2010								
2010	Friendly Society Funds Management \$'000	Insurance \$'000	Commercial Mortgages \$'000	Reverse Mortgages \$'000	Mortgageport \$'000	Property Investments \$'000	Property Funds Management \$'000	Corporate (incl eliminations) \$'000	CONSOLIDATED \$'000
<b>Revenue</b>									
Interest, dividends and other investment income	13,300	-	185	8,453	-	4	22	93	22,057
Management, risk and establishment fees	6,677	-	-	(844)	-	-	3,607	-	9,440
Rent and other (i)	3,254	646	33	183	48	1,380	1,380	241	7,165
<b>Total segment revenue</b>	<b>23,231</b>	<b>646</b>	<b>218</b>	<b>7,792</b>	<b>48</b>	<b>1,384</b>	<b>5,009</b>	<b>334</b>	<b>38,662</b>
<b>Profit before tax (ii)</b>	<b>6,444</b>	<b>502</b>	<b>401</b>	<b>1,058</b>	<b>48</b>	<b>(6,155)</b>	<b>1,877</b>	<b>(4,273)</b>	<b>(98)</b>
Income tax (expense)/benefit	(4,055)	(151)	(120)	(313)	(220)	1,599	(580)	1,394	(2,446)
<b>Net Loss</b>									<b>(2,544)</b>

(i) During the half year ended 31 Dec 2010, other revenue includes; commissions in Insurance and the profit in Mortgageport.

(ii) Profit before tax in respect of the Group's property investments includes a provision for receivables in respect of National Leisure Trust of \$3.146m and an impairment charge on the National Leisure Trust property investments of \$3.0m.

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9. SEGMENT INFORMATION (contd)

2009	Half year ended 31 December 2009								CONSOLIDATED \$'000
	Friendly Society Funds Management \$'000	Insurance \$'000	Commercial Mortgages \$'000	Reverse Mortgages \$'000	Mortgageport \$'000	Property Investments \$'000	Property Funds Management \$'000	Corporate (incl eliminations) \$'000	
<b>Revenue</b>									
Interest, dividends and other investment income	12,435	1	22	7,870	-	6	78	52	20,464
Management, risk and establishment fees	7,152	-	-	251	-	-	4,312	-	11,715
Rent and other (i)	7,609	603	1	-	947	2,205	881	267	12,513
<b>Total segment revenue</b>	<b>27,196</b>	<b>604</b>	<b>23</b>	<b>8,121</b>	<b>947</b>	<b>2,211</b>	<b>5,271</b>	<b>319</b>	<b>44,692</b>
<b>Profit before tax</b>	<b>7,577</b>	<b>445</b>	<b>(254)</b>	<b>1,640</b>	<b>947</b>	<b>94</b>	<b>2,140</b>	<b>(4,723)</b>	<b>7,866</b>
Income tax (expense)/benefit	(4,955)	(133)	76	(492)	-	(32)	(653)	1,515	(4,674)
<b>Net Profit</b>									<b>3,192</b>

(i) During the half year ended 31 December 2009, rental revenue includes income from Chisolm, shopping centre in Canberra, which was sold on 30 June 2010.

The following is an analysis of the Group's assets by reportable segment for the periods under review:

2010	31 December 2010								CONSOLIDATED \$'000
	Friendly Society Funds Management \$'000	Insurance \$'000	Commercial Mortgages \$'000	Reverse Mortgages \$'000	Mortgageport \$'000	Property Investments \$'000	Property Funds Management \$'000	Corporate (incl eliminations) \$'000	
<b>Total Assets</b>	528,032	564	2,026	212,095	7,056	23,468	17,355	51,979	<b>842,575</b>

2009	30 June 2010								CONSOLIDATED \$'000
	Friendly Society Funds Management \$'000	Insurance \$'000	Commercial Mortgages \$'000	Reverse Mortgages \$'000	Mortgageport \$'000	Property Investments \$'000	Property Funds Management \$'000	Corporate (incl eliminations) \$'000	
<b>Total Assets</b>	558,249	82	3,949	223,373	7,227	30,990	15,614	42,896	<b>882,380</b>

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**10. CASH AND CASH EQUIVALENTS**

Under Australian Accounting Standards the income, expenses, assets and liabilities of the benefit funds are included in the Group's statement of comprehensive income, statement of financial position and statement of cash flows. 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;

	<b>31-Dec-10</b>	<b>30-Jun-10</b>
	\$'000	\$'000
Attributable to shareholders	15,263	13,966
Attributable to benefit fund policyholders	47,517	41,402
Total	<u>62,780</u>	<u>55,368</u>

**11. TRADE AND OTHER RECEIVABLES**

Attributable to shareholders	11,576	13,053
Attributable to benefit fund policyholders	(27)	346
Total	<u>11,549</u>	<u>13,399</u>

**12. OTHER FINANCIAL ASSETS**

Attributable to shareholders	197,068	208,552
Attributable to benefit fund policyholders	464,360	495,733
Total	<u>661,428</u>	<u>704,285</u>

**13. SUBSEQUENT EVENTS**

On 2 February 2011, Over Fifty Group Limited (Company) successfully closed its unmarketable parcel minimum holding buy-back facility which was first announced to the Australian Securities Exchange on 30 November 2010. A total of 2,548,924 ordinary shares were acquired pursuant to the facility at a price of \$0.68 per share.

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