ALLCO EQUITY PARTNERS

Allco Equity Partners Limited
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26 February 2009

Allco Equity Partners Limited – Results for Announcement to the market (Appendix 4D) for the period ended 31 December 2008

Allco Equity Partners Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2008. These results have been subject to review by the Company's external auditor.

Results for announcement to the market:

Extracted from the 31 December 2008 Half Year Financial Report	Six months to 31 December 2008 $A'000	Six months to 31 December 2007 $A'000	Change %
Revenue from ordinary activities	49,176	58,443	(15.9)
Net profit from ordinary activities after tax attributable to members	5,154	13,463	(61.7)
Net profit after tax attributable to members	5,154	13,463	(61.7)

The results reflect:

- interest income earned on funds held on interest bearing deposit with banking institutions of $3.2 million (2007 - $11.5 million);
- net fees, interest income and fair value accounting impacts on IBA Health Group warrants of $5.6m earned by the Consolidated Entity for providing loan funding to IBA Health Group Limited for the iSOFT plc acquisition in 2007. In the corresponding period to 31 December 2007, net arrangement and underwriting fees of $9.3 million were earned for the equity and loan funding provided to IBA Health Group;
- a profit before financing costs, depreciation, amortisation and tax of $12.6 million (2007 - $11.1 million) earned by Signature Security Group from sales revenue of $37.0 million (2007 - $34.1 million);
- an equity accounted loss of $0.5 million (2007 - $2.3 million profit) from Baycorp that reflects an accounting standard requirement to recognise changes in expected cash flows from Purchased Debt Ledgers (PDLs) through the profit and loss account;
- an equity accounted contribution of $2.9 million from the Consolidated Entity's interest in IBA Health Group Limited (2007 - $nil); and
- a cumulative mark to market unrealised loss of $4.0 million before tax (2007 - $nil) on available-for-sale listed securities held at balance date that, in accordance with accounting standards, the directors have determined should be taken through the profit and loss account rather than retained in an equity reserve. As the affected assets have always been recorded at fair value, there is no impact on reported net assets per share from recycling this unrealised loss from the equity reserve to the profit and loss account.

Please refer to the accompanying results announcement, 31 December 2008 Half Year Financial Report and Half Year Results Presentation for further information on the results.

Dividends

The Directors have declared a fully franked interim dividend of 4.0 cents per share (2007 – 5.0 cents per share, fully franked). The record date for determining entitlements to the dividend will be 10 March 2009. The date for payment of the dividend is 31 March 2009. The Company's dividend reinvestment plan has not been activated.

Net Tangible Assets per Share

	31 December 2008[1] $A per share	31 December 2007[2] $A per share
Cash and cash equivalents (excluding SSG cash)	0.75	1.46
IBA Health Group[3]	3.81	3.10
Signature Security Group consolidated net assets before debt funding	1.74	1.54
Baycorp	0.49	0.41
Realisable Securities	0.29	-
Other AEPL net assets (liabilities)	(0.10)	-
Signature Security Group net debt funding, non-recourse to AEP	(1.00)	(0.98)
Net Assets per Share	**5.98**	**5.53**
Less intangible assets and goodwill arising primarily from the acquisition of Signature Security Group	(1.53)	(1.41)
Net Tangible Assets per Share	**4.45**	**4.12**

1 based on 91,921,295 issued shares at 31 December 2008
2 based on 97,318,915 issued shares at 31 December 2007
3 increased exposure to IBA Health Group mainly reflects equity accounted share of movements in reserves of IBA Health Group during the reporting period. This is further explained in the accompanying Half Year Financial Report.

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the accompanying 31 December 2008 Half Year Financial Report and Half Year Results Presentation.

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AEP announces 31 December 2008 Half Year Results

Financial highlights

- Portfolio of defensive companies performing well in a deteriorating economic environment
- Signature Security - underlying pcp EBITDA growth of 9.9%
- Baycorp – underlying pcp EBITDA growth of 9.2%
- IBA Health – like for like pcp revenue growth in excess of 20%
- AEP net profit after tax of $5.2 million
- Interim dividend of 4.0 cents per share, fully franked
- Strong balance sheet with no recourse debt
- Net assets per share of $5.98 at 31 December 2008 based on asset carrying values

Financial result

Allco Equity Partners Limited ("AEP") today announced a net profit after tax of $5.2 million for the half year ended 31 December 2008 reflecting a solid operational performance by investee entities in the face of deteriorating economic conditions.

The Company has declared a fully franked interim dividend of 4.0 cents per share payable on 31 March 2009. The Record Date for dividend entitlement is 10 March 2009.

The AEP Board believes this is a creditable result in the face of challenging economic conditions and underscores the value of being largely invested in companies with exposure to defensive industries.

The net profit after tax for the six months to 31 December 2008 compares with a $13.4 million profit in the prior corresponding period ("pcp"). The movement mainly reflects reduced interest income as the Company invested cash into operating businesses, lower fees earned in the period and mark to market fair value adjustments on available-for-sale listed securities.

Performance of investee entities

IBA Health (ASX:IBA) announced its results on 17 February 2009. There were many positive elements of IBA Health's results but we are particularly pleased the business is gaining momentum, with 1H09 results ahead of expectations. In the first half the business achieved over 20% pcp organic revenue growth (on a like-for-like basis as if iSOFT had been owned for all of the prior period). Key milestones in the delivery of its next generation product (Lorenzo) into the UK health program were met, and it is making progress in launching this product into other markets. The customer base of IBA Health is strongly skewed toward government, with 94% of revenue directly or indirectly government funded, and should be well positioned through these difficult economic times.

Signature Security continues its very solid trading performance with revenue increasing 8.5% and EBITDA increasing 9.9% on the pcp.

Signature's performance in New Zealand has exceeded expectations, particularly in the new business area of in-home medical (personal duress) monitoring. The deteriorating economic environment has caused some tapering off in Signature's equipment sales and installation business in both Australia and New Zealand but this has been compensated for in other areas, such as medical monitoring and the securing of new multi-site clients such as New Zealand Post. An important strength of Signature is its very deep and diverse customer base. The business now monitors close to 100,000 lines for over 80,000 customers. The top 30 customers of Signature represent less than 4% of its revenue base.

Signature acquired the businesses of Watch24 and Accurate Alarms in the half year under review, contributing almost 10,000 new monitoring lines to the business. Signature's national infrastructure allows it to acquire the monitoring contracts from small businesses with minimal increase in its overall cost structure, meaning these acquisitions are highly value accretive.

Baycorp has maintained its strong market position in Australia and New Zealand, as underlying EBITDA grew 9.2% over the pcp.

The business continues with its efficiency improvement programs, with its EBITDA margins improving over the period. This has been achieved in a very uncertain economic environment which has made collection of outstanding receivables more difficult.

The increased difficulty of collection led to lower collection recovery rates for the period and a once off impairment to Baycorp's existing purchased debt ledger ("PDL") book as at the balance date. Owing to the reduced recovery rates being experienced across the sector, prices at which new PDLs are being acquired have fallen considerably. However, Baycorp believes that even these reduced prices may not fully factor in the impact of deteriorating economic conditions on future cash collections and, consequently, Baycorp remains cautious in its PDL acquisition activity.

The contingency collection segment has also had its challenges in the half year. While Baycorp maintains a strong position in this market, the negative economic conditions have also meant lower debt volume and collection rates in this area.

The longer term outlook for Baycorp is strong, with higher consumer debt and increasing default rates meaning the need for debt recovery will increase. Baycorp is extremely well placed to take advantage of any change in market conditions with a robust balance sheet and the capacity to increase its PDL investment.

The other listed securities held by AEP are carried at market value as at the balance date. The movement in market price has been taken through the Income Statement.

Carrying value of investments

Based on the reported carrying values at 31 December 2008, net assets of AEP represented $5.98 per share, as shown in the table below. If the shares in IBA Health are marked to market - rather than the investment being carried on an equity accounted basis - then the adjusted net asset value per share is $4.59.

The increase in the carrying value of the investment in IBA Health reflects equity accounting of AEP's share of IBA Health's net profit and movement in reserves during the reporting period. Included in the equity accounted carrying amount at 31 December 2008 is AEP's share of the movements in the reserves of IBA Health during the six month period to 31 December 2008 of $115.5 million. AEP's equity accounted share of this reserve movement is $35.4 million before tax effect accounting. This amount mainly reflects an increase in IBA Health's foreign currency translation reserve. The weakening of the Australian dollar against the British Pound, Euro and other currencies during the period resulted in IBA Health recognising a significant unrealised gain on translation to Australian dollars of foreign currency financial statements of its controlled entities or business segments. There was a corresponding increase on translation in the Australian dollar carrying value of the net assets, mainly comprising goodwill and intangibles. Accounting standards require AEP to include its share of this movement in the equity accounted carrying amount. The impact is taken directly to AEP's "Share of reserves of interests in associates and joint ventures using the equity method" where it is also tax effected. While it increases the reported net assets of the consolidated entity, this amount is not credited to the Income Statement. After applying tax effect accounting, the impact on AEP's net assets is $0.27 per share.

Signature continues to trade well and in accordance with the budget and its business plan. AEP carries $141.1 million of goodwill and identifiable intangible assets on its balance sheet associated with the acquisition of Signature. After reviewing the performance and outlook for the business and the likely timeframe in which AEP would look to exit this investment, the Directors have concluded that the goodwill and intangible assets associated with Signature Security are recoverable at 31 December 2008.

Baycorp continues to be carried at historic cost plus AEP's proportionate share of the movement in retained earnings and reserves since acquisition.

Table 1: Net assets per share

	Carrying value at 31 Dec 2008 [1]		Basis for	IBA Health marked to market [2]	
	$m	$ / share	carrying value	$m	$ / share
IBA Health					
Shares & convertible notes	**289.8**	**3.15**	Equity accounted	**161.5**	**1.76**
Loan [3]	**60.3**	**0.66**	Historic cost	**60.3**	**0.66**
Signature net assets	**68.1**	**0.74**	Consolidated	**68.1**	**0.74**
Baycorp	**45.0**	**0.49**	Equity accounted	**45.0**	**0.49**
Cash and cash equivalents [4]	**68.9**	**0.75**	Actual	**68.9**	**0.75**
Realisable securities	**27.1**	**0.29**	Marked to market	**27.1**	**0.29**
Other	**(9.1)**	**(0.10)**	Actual	**(9.1)**	**(0.10)**
Total net assets [5]	**550.1**	**5.98**		**421.8**	**4.59**

1. Includes 1H09 contributions from equity accounted investments (IBA and Baycorp)
2. IBA Health market value calculated at $0.645 per share / convertible note, representing the closing price as at 25 February 2009
3. Does not include accrued interest
4. Available cash at AEP (not including consolidated cash from Signature)
5. The net assets at 31 Dec 2008 includes the proportionate share of the increase in IBA's foreign currency translation reserve ($0.27 per share), while IBA Health marked to market does not include this increase

Cash and balance sheet

AEP continues to enjoy a strong balance sheet with no recourse debt attributable to the Company.

At balance date the Company held cash and cash equivalents of $68.9 million.

Status of action to terminate Management Agreement

On 5 November 2008, the Company sought to terminate the Management Agreement with Allco Equity Partners Management Pty Limited (Receivers and Managers appointed; Voluntary Administrators appointed) (AEPM). The Company subsequently sought a declaration in the Supreme Court of NSW to confirm the validity of the notice of termination. On 9 December 2008, the Court ruled that as a result of the insolvency of AEPM, there had been a breach of a material obligation under the Management Agreement, and that the breach was not capable of remedy within 90 days, but that the breach did not trigger a termination right and, therefore, the court was not prepared to make a declaration that the Management Agreement had been validly terminated. The Company has appealed that ruling. The appeal process is continuing.

Strategic review and proposed name change

The Company has announced that it has mandated UBS to assist in a strategic review of AEP to determine ways to maximise value for AEP shareholders having regard to current market conditions and AEP's current management and operational structure. The Company expects to make an announcement on any decisions taken by the Board when the review is finalised.

The proposed name change to Oceania Capital Partners Limited will be submitted to shareholders for approval upon the outcome of the review.

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Further information is contained in the Appendix 4D, Half Year Financial Report and Business Review presentation slides released today.

For further information, please contact:

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About Allco Equity Partners

Allco Equity Partners Limited ("AEP") is an ASX listed investment company which provides its shareholders with investment exposure to, and returns from, investments in operating businesses. AEP pursues private equity style transactions and public market opportunities using private equity investment experience and disciplines. AEP will invest in operating businesses, whether they are listed on a stock market or not. Where it invests in listed businesses it will usually be where there is seen to be a private equity style of investment opportunity.