Oceania Capital Partners Limited

FY09 Results Presentation
26 August 2009

Contents

Overview

- Portfolio companies have proven to be robust through the economic cycle
  - underlying EBITDA growth in each of iSOFT, Signature Security ("Signature") and Baycorp Collections ("Baycorp")
  - no impairment to carrying values of iSOFT, Signature or Baycorp
  - earliest external debt maturity in portfolio companies is July 2011. No recourse debt to Oceania Capital Partners Limited ("OCP") balance sheet
- Reported net profit after tax of $12.6m
  - decrease from FY08 mainly due to lower interest income as a result of lower cash balance during the year and fees from the iSOFT transaction in FY08
  - final dividend of 6.0 cents per share partially franked
  - net assets per share of $5.10 as at 30 June 2009 based on asset carrying values
- Results of Strategic Review announced in April 2009
  - capital return of $0.65 / share ($59.7m) after shareholder approval (paid on 9 July 2009)
  - continuation of business model for existing investments
  - suspension of new investment activity for the time being other than bolt-on acquisition opportunities
  - possible shareholder vote in two years to determine the future direction of the Company subject to share price performance
- Management Agreement between OCP and Allco Equity Partners Management ("AEPM")
  - notice of rescission under 925A of the Corporations Act served on 18 August 2009
  - OCP will now assume direct responsibility for management of its assets

1. FY09 financial results

Portfolio companies results summary

- Strong trading performance for FY09 by iSOFT and Signature. Recovery rates in Baycorp lower driven by challenging macro-economic conditions, however underlying earnings still increased
- OCP has overseen significant value creating initiatives since its investment in each of the three portfolio companies
- All portfolio companies are in compliance with debt covenants and earliest external debt refinancing is July 2011

Business	Sector	Comments	FY09 Revenue Growth (%)[1]	FY09 Underlying EBITDA Growth (%)[1]
iSOFT	Healthcare IT	Strong financial results and strengthened balance sheet	15% like for like	nm
signature SECURITY GROUP	Security	Organic growth in recurring revenue driven by increased sales and declining attrition	6%	12%
BAYCORP	Receivables Management	Underlying earnings growth, however collections impacted by economic conditions	(2)%	6%

1. percent growth from pcp (FY08); "nm" – not meaningful

Statutory financial results summary

- Reported net profit after tax of $12.6m
- Decrease from FY08 primarily due to interest income and lower fees. Not driven by operational performance of portfolio companies

A$m	12 months to 30 June 2009	12 months to 30 June 2008
Total consolidated revenue and operating income ($m) [1]	102.5	100.8
EBITDA ($m) [2]	39.9	49.0
EBIT ($m) [2]	28.5	39.5
Profit before tax ($m)	19.5	28.7
Net profit after tax ($m)	12.6	19.9
Earnings per share [3]	13.4 cents	20.4 cents
Final dividend per share declared	6.0 cents	6.0 cents
Total dividend per share for year	10.0 cents	11.0 cents
Net assets per share at balance date – carrying value[4]	$5.10	$5.52

1. Operating income is set out in the following slide
2. EBITDA: Profit before tax, financing costs, depreciation and amortisation; EBIT: Profit before tax and financing costs
3. Based on weighted average issued shares – 2009: 93,482,102; 2008: 97,243,045
4. Based on closing issued shares – 2009: 91,921,295; 2008: 96,759,258

Statutory financial results summary (continued)

- A breakdown of OCP's operating income is provided in the table below
- The FY08 result included the original arrangement and underwriting fees from the iSOFT transaction in October 2007 and higher interest income owing to a higher average cash balance

A$m	12 months to 30 June 2009	12 months to 30 June 2008
Signature sales revenue	74.3	69.8
Corporate interest income	4.7	14.8
Fee, interest and other income from iSOFT recognised	10.0	16.9
Baycorp equity accounted contribution	(0.3)	2.0
iSOFT equity accounted contribution	10.6	7.1
Net gain / (loss) on financial instruments	0.0	(11.5)
Dividends, profits on disposal of shares and other income	3.2	1.7
Total Operating Income	**102.5**	**100.8**

Proportional financial results – FY09

- The table below shows OCP's proportional share of revenue and profit for each of its portfolio companies for FY09
- This presentation allows investors to more easily see the on-going contribution from each portfolio company to OCP

A$m	iSOFT	Signature	Baycorp	Proportional earnings (pre corporate expenses and other adjustments)	Corporate expenses and other adjustments	Proportional earnings (post corporate expenses and other adjustments)
OCP ownership	29.1%	96.7%	50.0%			
Accounting method	Equity	Consolidated	Equity			Consolidated
Operating revenue	157.2	72.0	28.4	257.6		
Underlying EBITDA [1]	38.5	25.4	9.7	73.6	(2.8) [2]	70.8
Underlying EBIT [1]	31.9	14.4	9.3	55.6	(2.8) [2]	52.8
Reported EBIT	22.8	13.6	1.8	38.2		
Reported NPAT	10.1	1.7	(0.7)	11.1	1.5 [3]	12.6
Net Debt	**37.0**	**84.6**	**26.9**	**148.5**	**(61.0)** [4]	**87.6**

1. Figures reported as underlying have been adjusted for specific items. Specific items are detailed in Section 2: "Portfolio company review"
2. Represents on-going expenses incurred at corporate level as part of managing OCP
3. Includes all other non-portfolio company income and expenses incurred within OCP
4. Net debt in OCP corporate includes cash on balance sheet as at 30 June 2009 ($98.9m less capital return made in July 2009 of $59.7) and realisable securities ($21.8m)
5. The information in this table is provided for assessment purposes only. The amounts shown are not meant to agree to the amounts reported in OCP's financial statements other than the reported FY09 NPAT of $12.6m

Proportional financial results – FY08

- For comparison purposes the table below shows OCP's proportional share of revenue and profit for each of its portfolio companies for FY08

A$m	iSOFT	Signature	Baycorp	Proportional earnings (pre corporate expenses and other adjustments)	Corporate expenses and other adjustments	Proportional earnings (post corporate expenses and other adjustments)
OCP ownership	30.6%	95.8%	50.0%			
Accounting method	Equity	Consolidated	Equity			Consolidated
Operating revenue	110.4	67.0	29.1	206.5		
Underlying EBITDA [1]	29.5	22.5	9.2	61.2	(2.7)[2]	58.5
Underlying EBIT [1]	22.3	13.4	8.7	44.4	(2.7)[2]	41.7
Reported EBIT	16.7	12.3	5.0	34.0		
Reported NPAT	4.4	1.5	2.0	7.8	12.1[3]	19.9
Net Debt	**76.0**	**88.4**	**28.6**	**193.0**	**(180.6)[4]**	**12.4**

1. Figures reported as underlying have been adjusted for specific items. Specific items are detailed in Section 2: "Portfolio company review"
2. Represents on-going expenses incurred at corporate level as part of managing OCP
3. Includes all other non-portfolio company income and expenses incurred within OCP
4. Net debt in OCP corporate includes cash on balance sheet as at 30 June 2008 ($97.8m), realisable securities ($24.9m) and subordinated loan to iSOFT ($57.8m)
5. The information in this table is provided for assessment purposes only. The amounts shown are not meant to agree to the amounts reported in OCP's financial statements other than the reported FY08 NPAT of $19.9m

Debt position of portfolio companies at 30 June 2009

- OCP has no balance sheet recourse debt
  - debt in portfolio companies is only recourse to those companies' assets and reserves
- All companies in compliance with debt covenants as of 30 June 2009
- Debt figures shown in the table are 100% of the debt balances within the portfolio companies
- During FY09 iSOFT settled the $60m subordinated loan to OCP and $29m of other senior debt from the proceeds of the $123m rights issue conducted in 2H09[1]. OCP took up its entitlements under the offering which was offset against the loan balance

Entity	Total Gross Debt 30 June 2009 (A$m)	Term Remaining	Recourse Only to Assets of Underlying Investment
Signature	89.3	2 years	Yes
Baycorp	61.8	3 years	Yes
iSOFT [1]			
Senior debt facility	172.9	2 years	Yes
Contract financing	38.3	3 years	Yes

1. Source: iSOFT 2009 Annual Report

Net assets per share – 30 June 2009

- The table below shows the net asset value per share based on:
  - the balance sheet carrying values; and
  - marking OCP's investment in iSOFT to its current share price[1]
- The Directors have assessed that the current carrying values at 30 June 2009 for iSOFT, Signature and Baycorp are supportable as discussed in the following slide

	Carrying value at 30 June 2009 [2]		Basis for carrying value	iSOFT marked to market [1]	
	$m	$ / share		$m	$ / share
iSOFT	**295.1**	**3.21**	Equity accounted	**261.4**	**2.84**
Signature net assets	**69.7**	**0.76**	Consolidated	**69.7**	**0.76**
Baycorp	**44.3**	**0.48**	Equity accounted	**44.3**	**0.48**
Realisable securities	**21.8**	**0.24**	Marked to market	**21.8**	**0.24**
Cash and cash equivalents [3]	**39.2**	**0.43**	Actual	**39.2**	**0.43**
Other	**(1.8)**	**(0.02)**	Actual	**(1.8)**	**(0.02)**
Total net assets	**468.3**	**5.10**		**434.6**	**4.73**

1. iSOFT market value calculated at $0.84 per share / convertible note, representing the closing price as at 25 August 2009
2. Includes FY09 contributions from equity accounted investments (iSOFT and Baycorp)
3. Available cash at OCP (not including consolidated cash from Signature) adjusted for $59.7m capital return paid in July 2009

Carrying values of investments

- Carrying values have been closely considered by the Directors at 30 June 2009
  - no impairment of three major investments
  - supporting independent assessments obtained for each of iSOFT, Signature and Baycorp
  - other listed securities marked to market on ongoing basis
- Investments performing solidly despite market turmoil
  - improvement in underlying EBIT for iSOFT, Signature and Baycorp
  - operate in defensive sectors and earnings expected to remain robust
  - fundamentals of each of the businesses continue to be strong
- OCP is not a forced seller
  - prospects remain strong for a profitable exit of each of the businesses consistent with original investment periods
  - investments are individually financed, with no recourse to OCP or other investments
  - forecast covenant compliance

Dividends and capital management

- Dividend
  - final dividend declared of 6.0 cents per share, partially franked
  - Record Date – 10 September 2009; Payment Date – 31 October 2009
  - total dividends for FY09 10.0 cents per share
- Capital return
  - OCP proposed a $59.7m ($0.65/share) capital return as part of the outcomes of the strategic review announced in April 2009
    - shareholder approval obtained 24 June 2009
    - payment to eligible shareholders 9 July 2009
- Other capital initiatives in FY09
  - OCP commenced an on-market share buyback on 15 September 2008
  - size of buyback increased on 21 November 2008
  - extension of buyback and further increase in size announced on 26 August 2009
  - to date 4.8 million shares bought back and cancelled at a cost of $8.9m
    - a further 4.8 million shares remain available to be bought back
- Remaining available cash
  - $39.2 million at 30 June 2009 after capital return and before final dividend payment
    - cash to be used to support existing investments and investment management costs
    - all cash on OCP balance sheet is interest bearing and held with major Australian banks

2. Portfolio company review

iSOFT – company overview

Key facts	
Acquired	October 2007
% Owned	29.1% effective ownership
ASX Code	ISF.AX
OCP Investment	
Ordinary Shares	$232.1 million
Convertible Notes	$37.3 million
Head Office	Sydney
Operations	Australia, NZ, UK, W. Europe, Middle East, Asia, Central America
Employees	Approx. 4,700

- iSOFT is a leading developer of software applications for healthcare, and the largest specialty information company listed on the ASX
- iSOFT designs, develops and delivers fully integrated healthcare IT solutions which support workflows across hospitals, GPs, specialists, aged and community care providers, the primary care sector as well as claims and payment processes
- Leading market position in UK, Australia, New Zealand, Netherlands, and in some parts of Asia. Key position in England's National Health Service's National Programme for IT, one of the world's largest civilian IT projects
- iSOFT's systems are installed in over 13,000 health provider organisations in 39 countries

iSOFT – financial results

A$m	12 months to 30 June 2009	12 months to 30 June 2008	*%*[1]
Reported revenue	540.1	360.9	*nm*
Reported EBITDA	132.4	96.4	*nm*
Underlying EBIT [2]	109.7	72.8	*nm*
Reported EBIT	78.4	54.6	*nm*
Underlying net profit after tax [2]	66.0	32.9	*nm*
Reported net profit after tax	34.7	14.7	*nm*
Net debt [3]	156.5	275.2	
Net assets	738.9	575.5	

1. Percentage change is not meaningful due to iSOFT's acquisition of iSOFT during FY08
2. Figures reported as underlying have been adjusted for amortisation of intangibles on acquisition only: FY09: $31.3m, FY08: $18.2m
3. Net debt includes $29.4m in FY09 and $26.9m in FY08 of OCP's convertible notes. Slides 8 and 9 *exclude* the convertible notes from net debt and ownership is shown on a fully diluted basis

iSOFT – commentary

Commentary

- Strong growth in Revenue, EBITDA and NPAT (50%, 37% and 137% respectively)
  - 15% revenue growth on a like-for-like basis
  - met or exceeded market earnings guidance
- Strengthened the balance sheet following a successful capital raising
  - OCP received settlement of its subordinated loan
  - OCP supported the capital raising and invested an additional $32m, its pro-rata share
- Significant achievements improving the business in FY09
  - built an experienced international management team
  - expanded global footprint, entering new territories including the US, Italy and Mexico
  - rebranded and consolidated product portfolio

Outlook

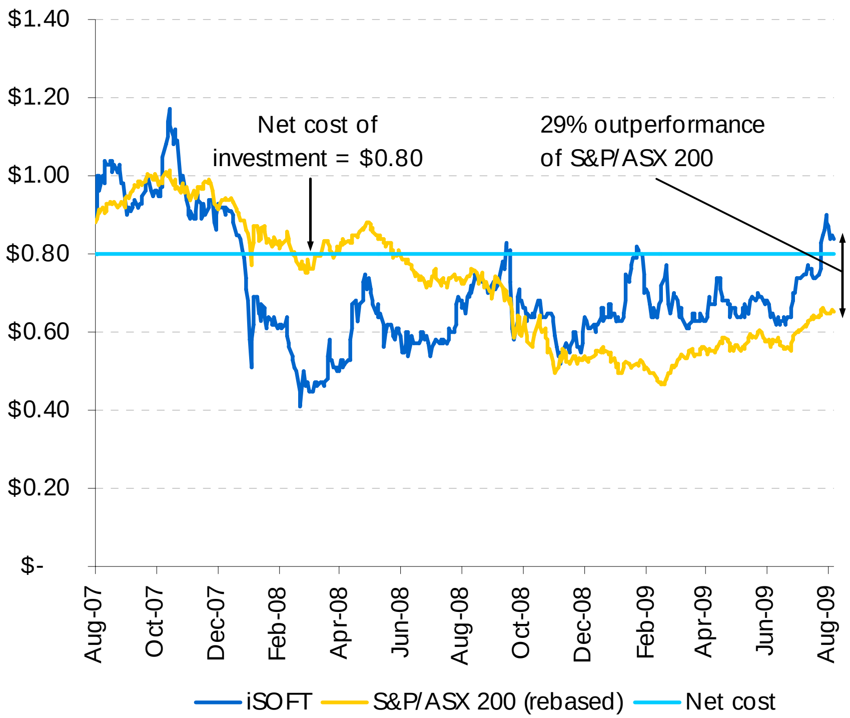
- Expect business to remain resilient even with difficult economic conditions
- Benefit from opportunities in new geographies and from “open market” in South of England
- Revenue growth of 10%

For further information on iSOFT please refer to iSOFT’s 2009 Annual Report

iSOFT – share price over time

iSOFT's share price has performed strongly over the last few months and is now trading above OCP's net cost of investment of $0.80 per share[1]

iSOFT share price since investment



Cost basis	Value per share
Accounting Carrying Value	$0.95
Gross cost of investment	$0.87
Net cost of investment[1]	$0.80
Current Share Price[2]	$0.84

1. Cash investment net of interest and fees subsequently received
2. Closing ISF.AX share price as of 25 August 2009

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Signature – company overview

Key facts	
Acquired	January 2006
% Owned	97%
Co-Investors	Management (3%)
OCP Equity Investment	$72.7 million[1]
Head Office	Sydney
Operations	Australia, New Zealand
Employees	Over 400

1. Includes $69.7m currently invested and $3.0 committed to be invested by Sept 2009

- A leading electronic security services company in both Australia and New Zealand
- The security industry is generally not cyclical and is expected continue to grow steadily, driven by changes in technology and increased awareness of security needs in the community
- Services include the installation, security monitoring, maintenance, sale and leasing of electronic security equipment to residential and commercial customers, and medical monitoring
- Signature provides alarm monitoring services 24/7 to approximately 100,000 premises. One of the few security companies in the industry with a network of Australian Grade A1 (or New Zealand equivalent) monitoring stations
- Industry-leading and national infrastructure of Signature allows it to acquire smaller operators on a highly value accretive and synergistic basis, as revenues of acquired businesses are fully absorbed with minimal increase in the overall cost structure

Signature – financial results

A$m	12 months to 30 June 2009	12 months to 30 June 2008	%
Total revenue	74.4	69.9	*6%*
Underlying EBITDA[1]	26.3	23.5	*12%*
Underlying EBIT [1]	14.9	14.0	*7%*
Underlying EBIT margin	*20.0%*	*20.0%*	
Reported EBIT	14.1	12.8	*11%*
Capital expenditure [2]	(8.0)	(7.5)	
Business acquisitions & dealer line acquisitions	(17.4)	(13.7)	
Net debt	87.5	92.3	
Net assets	69.7	57.5	

1. Figures reported as underlying have been adjusted for specific items: FY09 (-$0.8) relates to acquisition related expenses and tax audit review fees and FY08 (-$1.2m) relates to acquisition related expenses and one off redundancy expenses
2. Capital expenditure is property, plant & equipment and capitalisation of security systems leased to customers

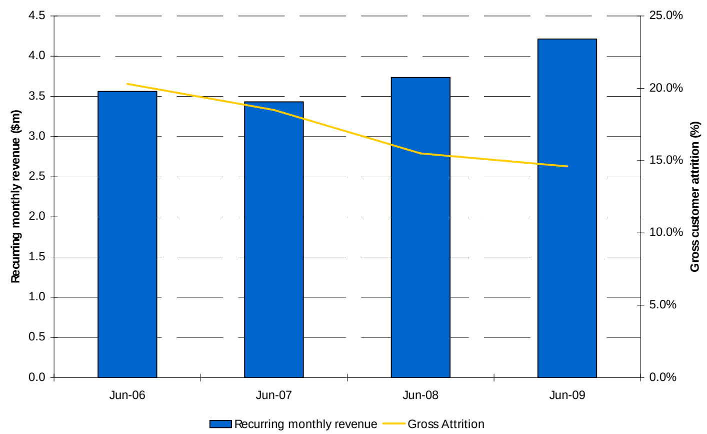
Signature – commentary

- Signature had a strong trading year despite the challenging economic conditions, with key business and operational initiatives creating a more robust business:
  - underlying EBITDA growth of 12.1%
  - gross customer attrition levels declined for third year in a row
  - organic sales growth driven by internal sales force and channel sales growth
- Signature achieved strong growth in personal alarm response (medical) monitoring in NZ and is currently looking at expanding into the Australian market
- Major contract wins included New Zealand Post, Kiwi Bank and Suncorp Metway
- Project to increase efficiencies within the monitoring stations has led to better response times and increased customer service whilst increasing operating margins
- Company continues to pursue highly synergistic and value accretive bolt-on acquisitions
  - acquisition of Watch24 Security, Accurate Alarms and Hume security contributed over 9,000 new monitored lines
  - acquisitions have been successfully integrated into Signature’s infrastructure at minimal incremental cost
  - acquisition of Hume Security has created a Signature branch in ACT
- OCP and management committed $17m of additional equity to increase Signature’s balance sheet flexibility to allow the business to pursue further organic growth and acquisition opportunities

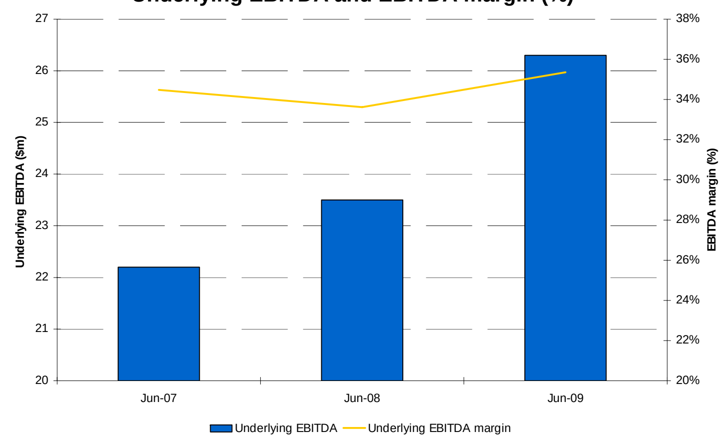
Signature – value creation since investment

- Since OCP acquired Signature there has been significant investment in the business:
  - implementation of full redundancy between Sydney and Perth monitoring stations and upgraded Auckland monitoring station
  - several value accretive acquisitions including Watch24 Security and Radius NZ
  - implementation of new channel dealer program and diversification of product set to Personal Alarm Response (medical) monitoring
  - new organisational structure including creation of several key senior management positions including: COO Australia and NZ and Group General Managers in Customer Service, Marketing and IT & Procurement
- This has translated into strong financial improvements:

Recurring monthly revenue ($m) and gross customer attrition (%)[1,2,3]



Underlying EBITDA and EBITDA margin (%)



1. Recurring monthly revenue (“RMR”): revenue, predominately related to monitoring, billed on a recurring basis
2. Gross customer attrition: Total RMR cancellations / Average RMR balance over the period (excludes clients who transfer premises)
3. Attrition for 30/06/06 based on six months only as Signature was acquired in Jan 2006

Signature – outlook

- Business has proven to be robust through the economic cycle to date and this is expected to continue
- Business initiatives in FY10 will include:
  - reforming culture and processes to make the business focused on customer centricity
  - focus on improving internal sales force effectiveness
  - increased customer service initiatives including increased on-line customer access and training at the Branch level leading to further declines in customer attrition
  - personal alarm response (medical) monitoring sales strategy in Australia
- Signature will continue to pursue value accretive acquisitions if opportunities arise

Baycorp – company overview

Key facts	
Acquired	June 2006
% Owned	50%
Co-Investors	Funds managed by Propel Investments
OCP Equity Investment	$42.6 million
Head Office	Sydney
Operations	Australia, New Zealand
Employees	Approx. 350

- Baycorp is a leading debt management specialist to the corporate consumer market in Australia and across all business sectors in New Zealand
- Products and services include:
  - Outsourced receivables management services: commission and fee for service based contingency collection services and full legal recovery services. Revenue is earned as a % of total debt collected or on a fee per accounts processed basis
  - Purchased Debt Ledgers ("PDLs"): Baycorp acquires portfolios of defaulted consumer debt (mainly from financial institutions and telecommunications companies). Profit is earned by collecting total cash in excess of the original purchase price over time

Baycorp – financial results

AIFRS results (A$m)	12 months to 30 June 2009	12 months to 30 June 2008	%
PDL income	34.7	31.6	*10%*
Contingency, legal and field income	22.1	26.6	*(17%)*
Total revenue	56.8	58.2	*(2%)*
Operating expenditure	(37.4)	(39.9)	*(6%)*
Underlying EBITDA [1]	19.4	18.3	*6%*
Underlying EBIT [1]	18.6	17.4	*7%*
Underlying EBIT margin (%)	*33%*	*30%*	
Specific items [1]	(15.0)	(7.4)	
Reported EBIT	3.6	10.0	*(65%)*

Cash flow summary (A$m)	12 months to 30 June 2009	12 months to 30 June 2008	%
Cash receipts from PDLs	64.6	59.2	*9%*
Cash receipts from contingency, legal and field and other [2]	22.2	28.0	*(21%)*
Total cash receipts	86.8	87.2	*(0%)*
Total cash payments [2]	(37.0)	(39.8)	*(7%)*
Cash flow before interest and tax	49.8	47.4	*5%*
Capital expenditure (including PDL investment) [3]	(56.4)	(49.1)	*15%*
Balance Sheet (A$m)			
PDL asset balance	82.7	76.5	
Net debt	53.8	57.2	
Net assets	90.0	83.2	

Note: Owing to differences in the way accounting policies have been applied, the Baycorp AIFRS results may not be directly comparable to some listed peers. Cash flow before interest and tax is a more comparable number to the published EBITDA figures of Baycorp's listed peers

1. Figures reported as underlying have been adjusted for specific items: FY09 (-$15.0m): (-$15.8m) relates to an impairment charge for fair value adjustment to PDL asset value (refer to Appendix 1), (+$1.1m) relates to profit on sale of a PDL asset and (-$0.3m) relates to dividends received from Collection House Limited and other non-recurring items; FY08 (-$7.4m): (-$2.5m) relates to an impairment charge for fair value adjustment to PDL asset value, (-$5.7m) relate to impairment charge for Baycorp's 10.3% investment in Collection House Ltd, (+$0.8m) other non recurring items and dividends received. Impairment was taken due to decline in market value of Collection House Ltd compared to the initial cost
2. Difference between total cash receipts and revenue and total cash payments and operating expenses relates to movements in receivables and payables over the period and other non-recurring cash items
3. Majority of capital expenditure relates to investment in PDLs (FY09 $55.2m, FY08 $47.3m)

Baycorp – commentary

- The business experienced an improvement in underlying earnings due to the performance of the PDL division
  - underlying EBITDA up 5.7% to $19.4m
  - operating cash flow before interest and tax up 5.1% to $49.9m
- However deteriorating economic conditions did impact on the business, notably increased unemployment rates which affects Baycorp's success in recovery of debts:
  - Contingency and Legal & Field revenue declined 16.8%
  - impairment charge for PDL assets of $15.8m[1]
- Baycorp has responded to challenging economic conditions by focusing on:
  - improving operating efficiencies through investment in technology and enhanced business processes
  - continued strict cost control, with the cost base reduced for the third year in a row
  - prudent approach to PDL acquisition
  - winning new fee for service business

1. Refer to Appendix 1 for more detail

Baycorp – divisional performance

PDL Division

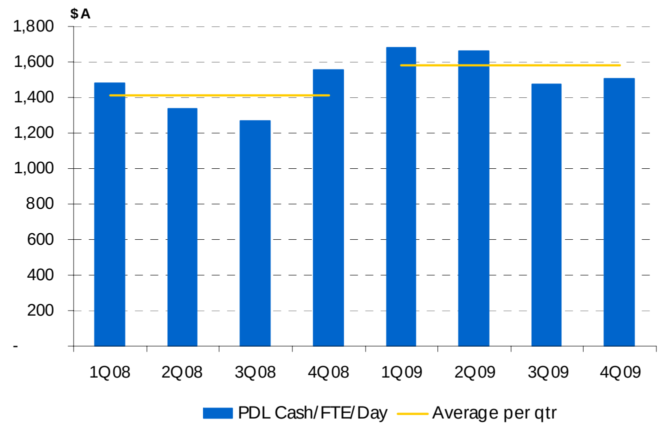
- Operating performance
  - revenue increased by 9.6% compared with FY08, influenced by investment in 2008 and 2009 and improved operating performance
  - cash collections increased by 9.1% to $64.6m
  - PDL expenditure of $55.2m in FY09, an increase of 16.6% over FY08 ($47.3m) and a record for the business
- Industry dynamics
  - prices declined (20%-30%) from highs however matched with lower anticipated recovery rates and longer time to collect
  - uncertainty around economic outlook leading to cautious purchasing from some players and vendors exploring alternative recovery strategies
  - prices expected to remain lower in medium term
- PDL impairment charge of $15.8m
  - PDL collection forecasts revised at end of each reporting period and PDL assets revalued on the basis of present value of expected future cashflows
  - collection forecasts negatively impacted by decreased forecast collections and delayed timing of collections partly due to an increase in payment arrangements from lump sum settlements
  - refer to Appendix 1 for more detail

Contingency and Legal & Field

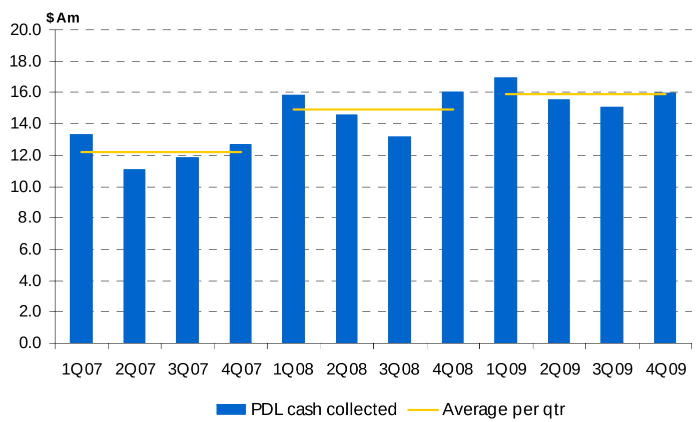
- Operating performance
  - revenue declined 16.8% compared with FY08 impacted by continued switch from contingency to PDLs by customers, lower debt referral volumes, lower recovery rates and changing customer mix
- Industry dynamics : NZ
  - lower debt referral volumes in the mid and SME markets and declining consumer recovery rates as the economy slowed
  - closure of 30+ finance companies in past 3 years and lower reliance on credit card finance has resulted in only a modest increase in debt volume
- Industry dynamics : Australia
  - financial service debt growth aligned to the PDL market
  - declining recovery rates due to economic conditions
  - opportunity in FY10 to increase fee for service business
- Acquired Western Australian based collection contact centre in July 2009
  - broadened the business and expanded the collections team
  - improved workflow capability giving 18 hour daily collection operations from Auckland to Perth

Baycorp – business has remained robust despite the economic downturn

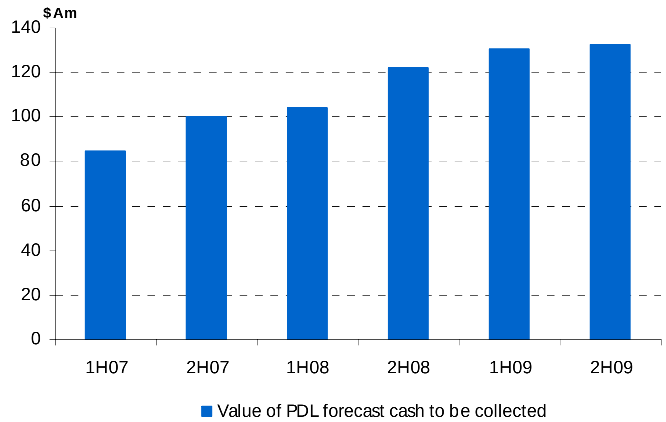
- Operating efficiency a core business focus with average cash collected increasing from $1,411 to $1,581 for PDLs per FTE per day



- PDL cash collections have improved



- Increasing value of PDL book – undiscounted value of book over time



- As of 30 June 2009 there were commitments to pay over $57m in cash through payment arrangements demonstrating the underlying value of the business
- As of 30 June 2009 Baycorp had collected 92% of its original forecast cash collections across its entire historical PDL portfolio, despite the extraordinary economic conditions over the last 18 months which has made forecasting cash collections much more challenging

Baycorp – industry outlook and strategy

Industry outlook

- Signs of improvement in short term
  - cash collections showing signs of stabilising
  - economic outlook and consumer confidence improving
- Longer term dynamics remain positive
  - debt volumes expected to be increased driven by increased default rates but moderated by lower consumer credit growth in short term
  - expected growth in PDL volume not matched by growth in industry wide purchasing capacity
  - continued trend to outsourcing receivables management
- Regulation expected to increase
  - legislation before Australian Parliament will require new Federal licensing and regulations for receivables management companies
  - will result in more rigorous compliance regimes and customer engagement

Business strategy

- Continuing to invest in PDLs when prices are attractive
  - remain a committed participant to the Australasian PDL market
  - increased committed funding from banking syndicate and owners in FY09
  - base expenditure in FY10 expected to be slightly lower than FY09 levels however capacity to increase materially should attractive opportunities arise
- Increased focus on winning new fee for service contingency related business in FY10
- Investment in technology
  - implementation of final phase of a new telephony system with multi-media capability
  - business wide data storage capacity upgrade completed
  - investment in online client servicing capability
  - continued focus on the use of analytical tools and applications to improve collections effectiveness
- Investment in people
  - Chief Risk Officer appointed in FY09 highlighting increasing focus on risk management

3. Strategy and investment management update

Outcomes of strategic review

- On 3 April 2009 the Board announced a four part program to maximise shareholder value following the completion of a rigorous strategic review to address the difference between the Company's share price and the underlying value of the Company's net assets
- The review concluded that the best way to maximise shareholder value is to continue to manage each of the Company's current investments with a view to profitable realisation over an appropriate investment timeframe. This includes the investments in iSOFT, Signature and Baycorp
- The Board believes that, in the current economic climate, it is unlikely that returns for all shareholders would be maximised by realising the investments in the short term compared with a strategy of realisation over a medium term timeframe
- Other initiatives announced as part of the program include:
  - suspension of new investment activity for the time being
  - shareholder vote in April 2011 to determine the future direction of the Company subject to OCP's share price continuing to trade at a discount to net asset value of more than 15%[1]
  - $59.7m pro-rata return of capital (paid on 9 July 2009 after obtaining shareholder approval)
- In addition to the above, the company changed its name from Allco Equity Partners Limited to Oceania Capital Partners Limited following shareholder approval on 24 June 2009. The new share ticker for the Company is OCP.AX

1. The discount will be determined by the volume weighted average price of OCP shares for the three months prior to the date of the notice of meeting and the average stated net asset value during this period

Rescission of the Management Agreement

Rescission of the Management Agreement

- On 18 August 2009 OCP served a notice under section 925A of the Corporations Act 2001 (“Corporations Act”) on Allco Equity Partners Management (“AEPM”), in its capacity of AEP Management Trust, rescinding the Management Agreement between the parties (“Rescission Notice”)
- OCP became entitled to serve the Rescission Notice as a result of the Australian Securities and Investments Commission having cancelled AEPM’s Australian financial services license on 20 July 2009
- Sections 925A to 925I of the Corporations Act state that the effect on the service of the Rescission Notice includes:
  - the rescission of the Management Agreement;
  - AEPM is not entitled to enforce, or to rely upon, the Management Agreement against OCP; and
  - AEPM is not entitled to recover by any means any brokerage, commission or other fee for which the Company would have been liable to AEPM under on in connection with the Management Agreement
- The Company believes the rescission of the Management Agreement under the above provisions will result in the cessation of the escrow restrictions on the 10,185,185 initial ordinary shares held by Allco Finance Group

Management of OCP’s assets

- OCP will now assume direct responsibility for management of its assets
- OCP intends to extend offers of employment to certain of the employees of AEPM who have previously been involved in the provision of management services to OCP and taking other steps thought prudent by the Board

4. Appendices

Appendix 1: Baycorp – PDL accounting treatment

- Baycorp changed its PDL accounting policy in 1H08 to a “loans and receivables” basis, as a result of changes to AASB139. AASB139 recognises income under the Effective Interest Method. This methodology apportions each dollar collected on a PDL to “interest” which is the component that appears in the income statement and “principal” which is used to reduce the PDL asset carrying value on the balance sheet - much the same way as one would treat a loan or lease asset
- The interest amount (or PDL revenue) is calculated by multiplying the Effective Interest Rate (“EIR”) to the opening balance of each PDL every period. The EIR is the Internal Rate of Return (“IRR”) of the forecast 5 year gross cash collections for a PDL
- Because the interest amount is effectively set at the beginning of the period (opening balance x EIR) the standard implicitly assumes the business will always collect cash exactly in line with the original forecasts. If this does not occur each dollar of under / over recovery from the forecast is deducted / added from the interest component (i.e. income), thereby showing the under / over collections as a permanent adjustment
- The standard also requires an end of period “fair value” assessment (or present value) of future gross cash collections using the EIR as the discount rate, whereby a fair value adjustment must be taken if the business changes its expected cash collections compared to its original forecast

Appendix 1: Baycorp – FY09 impairment charge

- Each 6 months Baycorp re-forecasts the expected 5-year cash collections across its entire portfolios of PDLs
- As a result of the 31 December 2008 and 30 June 2009 reforecasts Baycorp has reduced its cash collections forecast by less than 1.5% (compared with 30 June 2008) over the life of the portfolios primarily driven by the deteriorating economic conditions. It also expects a higher proportion of these collections will be made through longer term payment arrangements meaning the cash will be received over time rather than lump sum payments
- The accounting standards adopted by Baycorp dictate that as a result of this reforecast and the difference between actual and forecast cash collections in FY09 Baycorp must take an impairment charge of $15.8m as at 30 June 2009, made up of the following:
  - $9.4m as a result of allocation of net collection shortfall to “interest”; and
  - $6.4m as a result of the a lowering of the present value of the future cash flows from the PDL portfolio, using the EIR as a discount rate
- OCP believes this $15.8m charge is a once off adjustment resulting from adjusting the cash collection forecasts to take into account the new economic environment
- The impairment charge does not suggest Baycorp will not earn a satisfactory return on its existing portfolios, simply the overall return will be lower than previously expected
- As an example, the NPV of the re-forecasted cash flows using a pre-tax discount rate of 15% and an assumed collection cost of 15% is approximately $91.5m, this compares with a book value of approximately $83m (which discounts the gross cash forecasts using the weighted average EIR)
- OCP also notes that if Baycorp tested for impairment in the same way as its listed peers, the impairment would have been significantly less, and the corresponding asset value equally higher

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