

26 August 2011

**Oceania Capital Partners Limited – Preliminary Final Report (Appendix 4E) for the period ended 30 June 2011**

Oceania Capital Partners Limited (ASX: OCP) announces the following audited results for the Company and its controlled entities for the year ended 30 June 2011:

**Results for announcement to the market**

Extracted from 2011 Financial Report	Year to 30 June 2011 \$A'000	Year to 30 June 2010 \$A'000	% Change
Revenue from ordinary activities <sup>1</sup>	67,281	83,532	(19.5)
Net profit (loss) from ordinary activities after tax attributable to members <sup>2</sup>	18,196	(116,365)	1,156.4
Net profit (loss) after tax attributable to members <sup>2</sup>	18,196	(116,365)	1,156.4

1 Includes 10 months revenue from Signature Security Group of \$65.3m (2010 - \$80.2m for 12 months). Excludes \$15.9m fair value increase in iSOFT investment following adoption of AASB9 (2010 - \$nil).

2 Includes impacts of measuring iSOFT investment at fair value being a net increase in value of \$15.9m in the current period and a decrease of \$131.3m in the comparative period.

The current year results reflect:

- an unrealised gain of \$15.9 million arising from a restatement of the fair value of the shares and convertible notes held in iSOFT Group Limited at 30 June 2011 (2010 - \$131.3 million loss);
- interest income earned on funds held on interest bearing deposit with banking institutions of \$2.0 million (2010 - \$2.1 million);
- an operating profit after tax reported by Signature Security Group for the 10 months to 30 April 2011 of \$3.3 million (2010 - \$4.5 million for the full financial year). The sale of the investment was completed on 29 April 2011. There was a loss before tax of \$0.2 million incurred on the sale, net of transaction costs; and
- an equity accounted profit contribution from Baycorp of \$5.1 million (2010 - \$4.5 million).

Please refer to the accompanying results announcement, 30 June 2011 Financial Report and Results Presentation slides for further information.

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### Dividends for year ended 30 June 2011

No final dividend has been declared (2010 – nil).

No interim dividend was declared or paid (2010 – nil)

### Net Assets per Share and Net Tangible Assets per Share

The following information is based on the carrying amounts as shown in the consolidated balance sheet at 30 June 2011.

	30/06/2011	30/06/2010
	\$A per share <sup>1</sup>	\$A per share <sup>1</sup>
<b>Net Assets per Share</b>	<b>2.64</b>	<b>2.45</b>
Less intangible assets (mainly comprising goodwill arising from the acquisition of Signature Security Group (SSG), monitoring contracts acquired by SSG and deferred tax assets)	-	(1.58)
<b>Net Tangible Assets per Share</b>	<b>2.64</b>	<b>0.87</b>

<sup>1</sup> based on 91,921,295 issued shares

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the accompanying 2011 audited Financial Report and Results Presentation slides.

26 August 2011

## Results Announcement

- Reported net profit after tax of \$18.2 million
- Net assets per share of \$2.64 at 30 June 2011
- Sale of investment in Signature Security Group
- Investment in iSOFT realised and convertible notes repaid on 29 July 2011
- Shareholders to vote on future direction of OCP on 26 October 2011

### Financial result and position

Oceania Capital Partners Limited ("OCP") today announced a net profit after tax of \$18.2 million for the financial year ended 30 June 2011. The result includes a net fair value increase of \$15.9 million to the carrying value of the investment in iSOFT Group Limited ("iSOFT"). This net increase reflects both the iSOFT share price at 30 June 2011 and the convertible notes being assessed as at 30 June 2011 having regard to the status and risk to completion of the scheme of arrangement proposal for iSOFT. The scheme of arrangement was completed on 29 July 2011.

No final dividend has been declared for FY11.

Net assets were \$2.64 per OCP share at 30 June 2011 based on reported carrying values at that date as set out in the following table:

	Carrying value at 30 June 2011		Basis for carrying value
	\$m	\$ / share	
<b>Baycorp</b>	<b>52.9</b>	<b>0.58</b>	Equity accounted
<b>iSOFT shares<sup>1</sup></b>	<b>42.2</b>	<b>0.46</b>	Market value
<b>iSOFT convertible notes<sup>2</sup></b>	<b>39.7</b>	<b>0.43</b>	Assessed fair value
<b>Cash and cash equivalents<sup>3</sup></b>	<b>112.5</b>	<b>1.22</b>	Actual
<b>Other</b>	<b>(4.8)</b>	<b>(0.05)</b>	Actual
<b>Total net assets</b>	<b>242.5</b>	<b>2.64</b>	

- 1 iSOFT carrying value of shares at \$0.16 per share representing the market value as at 30 June 2011. Realised on 29 July 2011 at \$0.17 per share representing an extra 2.8 cents per OCP share (all other things remaining unchanged).
- 2 Convertible notes assessed at a fair value of \$0.864 per note at 30 June 2011 having regard to the status and risk to completion of the scheme of arrangement proposal for iSOFT announced in April 2011. Amount fully recovered on 29 July 2011 when the scheme of arrangement proposal completed.
- 3 Includes \$10.0 million cash from the sale of Signature Security Group held in escrow for up to 2 years pending any warranty claims.

## Investee entities

**Baycorp** had a solid performance achieving a 7% increase in underlying EBITDA in what was a challenging trading year for the business. The EBITDA result was achieved through a combination of purchased debt ledger (PDL) management, expanding the debt collection teams, continuing efficiency improvements and utilisation of new technology which has been implemented over the last 2 years. A summary of Baycorp's results and performance is included at Attachment 1.

There was an 18% increase in income from PDLs resulting from life cycle management, collection efficiency and secondary sales of aged portfolios that the business was no longer working. Income from Contingency and Legal & Field activities were 3% lower impacted by the timing of debt load from clients and the natural disasters that occurred in New Zealand and parts of Australia during the financial year. Such natural disasters impact negatively on the business in the short term as collection activities are paused in affected areas for the disaster periods and then on a longer term basis where those disasters fundamentally affect the economic capacity of the affected geographical areas. In addition to the natural disasters, the New Zealand business found economic conditions in New Zealand throughout the year to be very challenging, although there were some promising new contract wins towards the end of the year.

The longer term outlook for Baycorp remains strong. The quantum of defaulted debt available for purchase and collection continues to increase, although there is always cyclical variation in pricing, which affects the actual amount of purchasing completed by the business in any year. Baycorp has been managed for consistent and predictable performance and, accordingly, in a year of increasing PDL pricing, Baycorp has maintained its acquisition level, being approximately \$38.5 million for the year, at a level consistent with the previous year.

Solid cash flow management allowed Baycorp to further reduce net debt by \$8.0 million to \$38.7 million.

Baycorp remains well placed to take advantage of any change in market conditions and pricing, with a robust balance sheet and the capacity to increase its PDL investment when opportunities arise. The forward flow commitment of the business running into FY12 is stronger than it has been for a number of years. The business will continue its focus on improving the efficiency and effectiveness of collection activities.

The OCP Board has assessed the carrying value of the Baycorp investment and concluded that the current value remains supportable. The Board obtained an independent assessment for the investment to assist with its deliberations. As is always the case, that value does assume realisation takes place in a normal and orderly commercial environment between a willing seller and a willing buyer.

**iSOFT Group Limited** was subject to a scheme of arrangement proposal from Computer Sciences Corporation that was announced in April 2011 and completed on 29 July 2011. OCP received \$84.5 million reflecting an amount of \$0.17 per iSOFT share and repayment of the face value of the convertible notes (\$0.864 per note) which formed part of the CSC proposal.

The sale of the investment in **Signature Security** was completed on 29 April 2011. OCP's share of the final net proceeds, after Signature repaid its external debt facilities and after transaction costs and working capital adjustments required at completion, resulted in a realisation at approximately our carrying value for the investment (an actual loss on the sale before tax of \$0.2 million). An amount of \$10.0 million has been placed in escrow pending any warranty claims over the next two years. Further details are in the 30 June 2011 financial report.

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As we announced to the market on 28 July 2011, a dispute has arisen between OCP and Tyco in relation to the completion adjustments. Tyco has made two claims for purchase price adjustment based on purported completion date adjustment statements, one appearing to be for approximately \$3.1 million and, in the alternative, the other appearing to be for approximately \$20.1 million. OCP disputes both claims. The matter has been referred to an independent expert and we will update the market appropriately as and when the outcome of that process is known.

### Capital management and future direction

OCP has today also announced that shareholders will be given an opportunity to vote on capital management alternatives and the future direction of the Company at the annual general meeting to be held on 26 October 2011. Details are contained in a separate announcement released today.

In the meantime, in accordance with the strategy pursued since 2009, OCP is continuing to manage its investments having regard to prudent investment life cycles.

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Further information on the financial results and performance is contained in the Appendix 4E, audited Financial Report and Results Presentation slides released today. Further detail on the capital management and future direction proposals are contained in the separate announcement released today.

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## Baycorp – financial results – 1H11

AIFRS results utilising AASB9 (A\$m)	12 months to 30 June 2011	12 months to 30 June 2010 <sup>1</sup>	%
Total revenue <sup>2</sup>	59.8	55.3	8%
PDL income <sup>2</sup>	34.4	29.1	18%
Contingency, legal and field income	25.4	26.2	(3%)
Operating expenditure	(42.3)	(38.9)	9%
Underlying EBITDA	17.5	16.4	7%
Underlying EBIT	16.3	15.4	6%
<i>Underlying EBIT margin</i>	<i>28%</i>	<i>28%</i>	
Specific Items <sup>3</sup>	(1.1)	1.6	Nm
Reported EBIT	15.2	17.0	(11%)
Net profit after tax	9.6	9.0	7%

Cash flow summary (A\$m)	12 months to 30 June 2011	12 months to 30 June 2010	%
Total cash receipts	99.4	87.3	14%
Cash receipts from PDLs	73.5	62.7	17%
Cash receipts from contingency, legal and field and other <sup>4</sup>	25.9	24.6	5%
Total cash payments <sup>4</sup>	(43.4)	(37.8)	15%
Cash flow before interest and tax	56.0	49.5	13%
Capital expenditure (including PDL investment) <sup>6</sup>	(39.2)	(38.7)	1%
Balance Sheet (A\$m)	June 2011	June 2010	
PDL asset balance	85.3	86.8	(2%)
Net debt	38.7	46.7	(17%)
Net assets	105.1	101.8	3%

**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. Cashflow before interest and tax is a more comparable number to the published EBITDA figures of Baycorp's listed peers

1. Baycorp adopted AASB9 during FY10
2. FY11 PDL income includes a \$5.7m gain on the sale of PDL portfolios. FY10 - \$nil
3. Includes FY11 fair value change of Collection House (CLH) shares being a decrement of \$1.0m (FY10 - increase of \$2.8m)
4. Difference between total cash receipts and revenue from contingency, legal and field and other and total cash payments and operating expenses relates to movements in receivables and payable over the period and other non-recurring cash items
5. Majority of capital expenditure relates to investment in PDL's (FY11 \$38.5m, FY10 \$37.7m)
6. This slide contains general information about Baycorp's activities. It is information given in summary form and does not purport to be complete.