27 August 2010

Oceania Capital Partners Limited – Preliminary Final Report (Appendix 4E) for the period ended 30 June 2010

Oceania Capital Partners Limited (ASX: OCP) announces the following audited results for the Company and its controlled entities (together "the Consolidated Entity") for the year ended 30 June 2010:

Results for announcement to the market

Extracted from 2010 Financial Report	Year to 30 June 2010 $A'000	Year to 30 June 2009 $A'000	% Change
Revenue from ordinary activities	83,532	88,439	(5.5)
Net profit (loss) from ordinary activities after tax attributable to members	(116,365)	12,496	(1,031.2)
Net profit (loss) after tax attributable to members	(116,365)	12,496	(1,031.2)

The current year results reflect:

- an unrealised loss of $131.3 million arising from a restatement of the fair value of the shares and convertible notes held in iSOFT Group Limited at 30 June 2010 (2009 - $nil). A further unrealised loss of $2.0m was incurred from the movement in fair value of the warrants held in iSOFT (2009 – gain of $1.5 million). The accounting policy applied to account for the investment was changed during the period as detailed below;
- interest income earned on funds held on interest bearing deposit with banking institutions of $2.3 million (2009 - $4.7 million). The reduction reflects a lower cash balance throughout the period following payment of two returns of capital to eligible shareholders;
- a profit before financing costs, depreciation, amortisation and tax of $27.9 million (2009 - $25.5 million) earned by Signature Security Group from total revenue of $80.2 million (2009 - $74.4 million); and
- an equity accounted profit contribution from Baycorp of $4.5 million (2009 - $0.3 million loss).

The prior period result also included:

- a cumulative mark to market unrealised loss of $9.4 million before tax on available-for-sale listed securities held at 30 June 2009. Effective from 31 December 2008, the directors determined that the cumulative fair value unrealised losses on those securities incurred to that date ($4.0 million) should be taken to the profit and loss account rather than retained in an equity reserve. From 1 January 2009 to 30 June 2009, the market value of the securities declined further. The impact of the further price decrements was also recognised in the profit and loss account. The securities were sold during the 2010 financial year.

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- net fees and interest income of $8.5 million earned by the Consolidated Entity for providing funding to iSOFT Group Limited; and
- an equity accounted contribution of $10.6 million from the Consolidated Entity's interest in iSOFT Group Limited. The accounting policy applied to the investment in iSOFT was changed from the equity method to fair value with effect from 1 July 2009 as detailed below.

Change in accounting policy

The Consolidated Entity has early adopted AASB 9 *Financial Instruments* with effect for the 2010 financial year. AASB 9 specifies the basis for classifying and measuring financial assets. Classification is determined based on the Consolidated Entity's business model. AASB 9 replaces the classification and measurement requirements relating to financial assets in AASB 139 *Financial Instruments: Recognition and measurement*. The adoption of AASB 9 applies to all members of the Consolidated Entity.

The change in accounting policy has mainly impacted on the accounting treatment adopted for the investment held in iSOFT Group Limited (iSOFT). The adoption of AASB 9 and consequent amendments to AASB 128 *Investments in Associates* allowed the Consolidated Entity to account for the investment in iSOFT using the fair value method rather than the equity method.

The impact of the change in accounting policy on the 2010 financial statements is as follows:

- Carrying value of the investment in iSOFT at 30 June 2010 assessed using the fair value method rather than the equity method. This resulted in a reduction in carrying value to $65.9 million at 30 June 2010 (shares, convertible notes and warrants) (2009 - $295.1 million).
- A total net reduction in carrying value of the shares, convertible notes and warrants of $229.2 million allocated between opening retained earnings ($96.9 million), current year result ($133.3 million) and reserves ($1.0 million gain).
- Reclassification of the investment in iSOFT to "Other Financial Assets" from "Investments accounted for using the equity method".
- Ceasing to recognise the Consolidated Entity's equity accounted share of the net profit after tax and movement in reserves of iSOFT for the period.
- Reversal of deferred tax assets and liabilities previously recognised under equity accounting.

Movements in fair value will be recognised through the income statement.

Please refer to the accompanying results announcement, 30 June 2010 Financial Report and Results Presentation slides for further information.

Dividends for year ended 30 June 2010

No final dividend has been declared or proposed (2009 – 6.0 cents per share, franked to 4.0 cents per share).

No interim dividend was declared or proposed (2009 – 4.0 cents per share fully franked).

A dividend reinvestment plan has not been activated.

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 2010.

	30 June 2010 $A per share[1]	30 June 2009 $A per share[1]
Signature net assets	0.88	0.76
Baycorp	0.53	0.48
iSOFT Group – shares, convertible notes and warrants[2]	0.71	3.21
Cash and cash equivalents	0.31	0.43
Realisable securities	-	0.24
Other net assets (liabilities)	0.02	(0.02)
Net Assets per Share	2.45	5.10
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)	(1.54)
Net Tangible Assets per Share	0.87	3.56

[1] based on 91,921,295 issued shares

[2] 30 June 2010 reflects the change to the fair value method of accounting; equity method of accounting used at 30 June 2009

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the accompanying 2010 audited Financial Report and Results Presentation slides.

27 August 2010

Results Announcement

Financial and operating summary

- Reported net loss after tax of $116.2 million, attributed primarily to the substantial reduction in the carrying value of iSOFT Group Limited (iSOFT)
- OCP net profit of $15.1 million prior to reduction in carrying value of iSOFT
- Solid performances from Signature and Baycorp
- Capital returns of $0.95 per share paid in FY10
- Net assets per share of $2.45 at 30 June 2010

Financial result

Oceania Capital Partners Limited ("OCP") today announced a net loss after tax of $116.2 million for the financial year ended 30 June 2010. The result includes a fair value adjustment to the carrying value of the investment in iSOFT following a change in accounting policy applicable for financial assets to the fair value method as announced on 23 August 2010. The carrying value of iSOFT is now 71.0 cents per OCP share at 30 June 2010.

Excluding the fair value adjustments results in a net profit of $15.1 million compared with $12.6 million in FY09.

OCP is continuing with the business plan announced on 3 April 2009 to seek to realise investments over an appropriate time period having regard to prudent investment life cycles.

No final dividend has been declared for FY10.

Performance of investee entities

iSOFT Group Limited (ASX:ISF) has not yet announced its financial results for 2010 but has made two market updates to the ASX during June and July. Investors should refer to those and any subsequent iSOFT announcements for information on the performance of iSOFT and matters that it is presently addressing.

iSOFT has encountered difficulties during 2010 which it is addressing. Robert Moran was appointed as Chairman of iSOFT on 15 June 2010, and OCP maintains its two board positions and representation on the Audit and Compliance Committee and Remuneration Committee. OCP will continue to manage its investment in iSOFT with a view to maximising value for OCP shareholders over an appropriate time period.

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Performance of investee entities (cont…)

Signature Security had a strong trading performance recording 8% revenue growth and 10% underlying EBITDA growth. The result was achieved despite some challenging trading conditions.

This result was driven by a strong trading performance in NZ, where Signature won several large contracts for monitoring and ongoing maintenance services and saw continued growth in the NZ Personal Emergency Response ("PER") market as well as continuing to achieve improved customer retention rates. This was offset somewhat by lower than expected installation sales in WA and QLD which experienced tougher trading conditions compared with FY09.

Signature has launched its PER offering, MyLife, in Australia after growing strongly in that segment in New Zealand for a number of years. The PER market is growing rapidly owing to population demographics and is a highly complementary product addition to Signature's core security monitoring services.

Baycorp had a solid performance with significant stabilisation following a difficult 2009 financial year. Underlying EBITDA was in line with FY09, which was a pleasing result given the 32% reduction in spending ($17.1 million) on debt ledgers. The lower spending on debt ledgers occurred as a result of remaining disciplined on pricing offered to debt sellers as prices increased from the levels in 2009. The EBITDA was achieved through a combination of efficiency improvements and investment in new technology, leading to improved collection rates per collector and improved trading in the fee for service business.

The very solid operating cash flow and lower expenditure on debt ledgers enabled Baycorp to further reduce net debt by $7.1 million to $46.7 million.

The longer term outlook for Baycorp remains strong with a continued focus on improving the efficiency and effectiveness of collection activities. Baycorp remains well placed to take advantage of any change in market conditions with a robust balance sheet and the capacity to increase its PDL investment.

Net Assets per Share

Based on the reported carrying values at 30 June 2010, net assets of OCP represented $2.45 per share, as shown in table 1 below. This reflects the adjustment to the iSOFT carrying value following the accounting policy change to the fair value method of accounting for financial assets.

The Board have assessed the carrying values of each of the unlisted Signature and Baycorp investments and concluded that the current values remain supportable. The Board obtained independent assessments for each of these investments.

Table 1: Net assets per share

	Carrying value at 30 June 2010		Basis for carrying value	Carrying value at 26 August 2010[1]	
	$m	$ / share		$m	$ / share
Signature net assets	**80.9**	**0.88**	Consolidated	**80.9**	**0.88**
Baycorp	**48.5**	**0.53**	Equity accounted	**48.5**	**0.53**
iSOFT shares	**44.7**	**0.49**	Market value	**39.4**	**0.43**
iSOFT convertible notes	**21.1**	**0.22**	Net present value	**21.1**	**0.22**
Cash and cash equivalents[2]	**28.8**	**0.31**	Actual	**28.8**	**0.31**
Other	**1.5**	**0.02**	Actual	**1.5**	**0.02**
Total net assets	**225.5**	**2.45**		**220.2**	**2.39**

1. iSOFT carrying value of shares at $0.15 per share representing the market value as at 26 August 2010. Convertible notes assessed at a net present value of $0.46 per note at 30 June 2010
2. Available cash at OCP (not including consolidated cash from Signature)

Cash and balance sheet

OCP 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 $28.8m which will be used to support existing investments and investment management costs

Since 1 January 2009, the Company has returned an aggregate of $1.05 per share to eligible shareholders though pro-rata capital returns and dividend payments.

On-Market Share Buy-Back

The Company announced on 26 August 2010 that it would further extend its capacity to make on-market share buy-backs and increased the size of the buy-backs to the maximum permitted under the Corporations Law without the need to obtain shareholder approval. The buy-back has been extended and increased to provide the Company with flexibility with its capital management programme. The Company will buy back shares if the Board determines that this would be in the interests of the Company.

Further information is contained in the Appendix 4E, audited Financial Report and Results Presentation slides released today.

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