

25 February 2011

Oceania Capital Partners Limited – Results for Announcement to the market (Appendix 4D) for the period ended 31 December 2010

Oceania Capital Partners Limited announces the following results for the Company and its controlled entities (together the Consolidated Entity) for the half year ended 31 December 2010:

Results for announcement to the market

Extracted from the 31 December 2010 Half Year Financial Report	Six months to 31/12/2010 \$A'000	Six months to 31/12/2009 ³ \$A'000	Change %
Revenue from ordinary activities ¹	42,393	48,061	(11.8)
Net profit (loss) from ordinary activities after tax attributable to members ²	(23,255)	44,170	(152.7)
Net profit (loss) after tax attributable to members ²	(23,255)	44,170	(152.7)

1 Includes \$39.4m (2009 - \$38.7m) revenue from Signature Security Group classified as "held for sale" in the half year financial report. Revenue to 31 December 2009 excludes \$36.7m fair value increase in iSOFT investment following adoption of AASB9 in FY2010.

2 Includes impacts of measuring iSOFT investment at fair value being a decrease in value of \$25.5m in the current period and an increase of \$36.7m in the comparative period.

3 Comparative figures re-presented to reflect impacts of adopting AASB9 in FY2010.

The current period result reflects:

- interest income earned on funds held on interest bearing deposit with banking institutions of \$0.7 million (2009 - \$0.6 million);
- a profit before financing costs, depreciation, amortisation, tax and sale transaction costs of \$13.9 million (2009 - \$13.7 million) earned by Signature Security Group from revenue of \$39.4 million (2009 - \$38.7 million);
- an equity accounted profit contribution of \$2.3 million (2009 - \$3.0 million re-presented) from Baycorp; and
- an unrealised loss of \$25.5 million arising from the restatement of the fair value of the shares, convertible notes and warrants held in iSOFT Group Limited at 31 December 2010.

The results for the comparative period have been re-presented to reflect the early adoption by the Consolidated Entity of AASB9 *Financial Instruments* with effect from the 2010 financial year. Applying this standard from 1 July 2009 means that the comparative results shown in the Income Statement now reflect:

- an increase in the fair value of the shares, convertible notes and warrants held in iSOFT Group Limited during the six months to 31 December 2009 of \$36.7 million;
- inclusion of dividends and interest received from the investment in iSOFT Group Limited of \$3.1 million. Previously this amount was offset against the investment carrying amount when applying the equity method; and
- removing the previously reported equity accounted contribution from iSOFT Group Limited for the six months to 31 December 2009 of \$1.4 million. There was also an increase of \$0.6 million in the equity accounted contribution from Baycorp for the period to reflect the adoption of AASB 9.

Please refer to the accompanying results announcement, 31 December 2010 Half Year Financial Report and Results Presentation for further information.

Dividends for half year ended 31 December 2010

No interim dividend has been declared (2009 – nil).

Net Tangible Assets per Share

	31/12/2010 \$A per share ¹	31/12/2009 ² \$A per share ¹	30/06/2010 ³ \$A per share ¹
Net Assets per Share	2.20	4.56	2.45
Less intangible assets (mainly comprising goodwill arising from the acquisition of Signature Security Group (SSG), monitoring contracts acquired by SSG and deferred tax assets)	(1.57)	(1.56)	(1.58)
Net Tangible Assets per Share	0.63	3.00	0.87

1 Based on 91,921,295 issued shares

2 Comparative figures re-presented to reflect impacts of adopting AASB9 in FY2010

3 Reflects adoption of AASB9 in FY2010

The decrease in Net Assets per Share from \$4.56 at 31 December 2009 to \$2.20 at 31 December 2010 mainly reflects the impact of:

- the 30.0 cents per share return of capital paid to eligible shareholders in June 2010; and
- a fall in the carrying value of the investment in iSOFT Group Limited following the change to the fair value method of accounting by early adopting AASB9 with effect from FY2010.

The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the accompanying results announcement, 31 December 2010 Half Year Financial Report and Half Year Results Presentation slides.

25 February 2011

Results Announcement

Financial and operating summary

- Reported net loss after tax of \$23.2 million, attributed primarily to the substantial reduction in the carrying value of iSOFT Group Limited (iSOFT)
- OCP net profit of \$2.3 million prior to reduction in carrying value of iSOFT
- Contract for sale of investment in Signature Security Group exchanged on 23 February 2011
- Solid operational performances from Signature and Baycorp
- Net assets per share of \$2.20 at 31 December 2010

Financial result

Oceania Capital Partners Limited ("OCP") today announced a net loss after tax of \$23.2 million for the half year ended 31 December 2010. The result includes a negative fair value adjustment of \$25.5 million to the carrying value of the investment in iSOFT. Excluding the fair value adjustment results in a net profit of \$2.3 million for the period.

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 timeframes.

No interim dividend has been declared.

Sale of investment in Signature Security Group

OCP announced on 23 February 2011 that it had exchanged contracts for the sale of the investment in Signature Security Group. The sale price achieved of \$171.0 million plus the cash balance in the business and net of working capital adjustments required at completion represents a good outcome for OCP particularly in light of challenging trading conditions.

OCP expects to realise the equivalent of the net accounting carrying value of the investment (approximately \$0.90 per OCP share) after Signature repays its external debt facilities and after transaction costs.

The directors will consider returning to shareholders in a timely and efficient manner the net proceeds realised from the sale of Signature Security Group after the transaction has been completed and after considering the cash needs of the Company.

Performance of investee entities

Baycorp has reported another solid performance for the period. EBITDA increased 19% to \$8.9 million over the prior comparable period. This was a pleasing result given the 13% increase in operating expenditure (\$2.5 million) mainly due to a 28% increase in fulltime equivalent PDL collection staff in comparison with the prior corresponding period.

Spending on debt ledgers was \$21.8 million, \$4.5 million higher than the six months to 31 December 2009.

PDL revenue was up 28% boosted by higher collections than the prior corresponding period and through the sale of a fully amortised aged debt ledger. Contingency, legal and field income was unchanged and in line with the six months to 31 December 2009.

The very solid operating cash flow even with increased expenditure on debt ledgers still enabled Baycorp to further reduce net debt by \$4.8 million to \$41.9 million in the half year. 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.

Signature Security traded close to budget for the half, recording 2% revenue growth to \$39.4 million. EBIT, prior to expensing sale transaction costs incurred during the period, was \$7.7 million representing a 6% increase in comparison with the prior corresponding period. This EBIT result was achieved despite challenging trading conditions and the management distraction associated with a sale process.

The strong operating cash flow allowed for capital expenditure of \$5.9 million and a reduction of \$3.7 million in net debt during the period to \$75.7 million.

iSOFT Group Limited (ASX:ISF) is scheduled to announce its financial results for the period to 31 December 2010 today. Investors should refer to that and any previous or subsequent iSOFT announcements for information on the performance of iSOFT and matters that it is presently addressing.

OCP continues to manage its investment in iSOFT with a view to maximising value for OCP shareholders over an appropriate time period.

iSOFT has previously announced that it is conducting a strategic review of its funding structure which could result in the introduction of a strategic investor, a change in control transaction or the sale of assets to repay its existing bank facilities. OCP's response and/or participation will be decided once that strategic review process progresses.

Net Assets per Share

Based on the reported carrying values at 31 December 2010, net assets of OCP represented \$2.20 per share, as shown in table 1 below.

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 considered the fair value of Signature by reference to the sale agreement and obtained a supporting independent assessment for each investment.

The convertible notes in iSOFT have been maintained at a total carrying value of \$21.1 million or \$0.23 per OCP share, as compared with their face value of \$39.7 million or \$0.43 per OCP share. The convertible notes are repayable by iSOFT in October 2012 unless OCP elects to convert them earlier.

Table 1: Net assets per share

	Carrying value at 31 December 2010		Basis for carrying value	Carrying value at 24 February 2011 ¹	
	\$m	\$ / share		\$m	\$ / share
Signature net assets	82.8	0.90	Asset held for sale	82.8	0.90
Baycorp	50.1	0.55	Equity accounted	50.1	0.55
iSOFT shares	19.2	0.21	Market value	17.9	0.19
iSOFT convertible notes	21.1	0.23	Net present value	21.1	0.23
Cash and cash equivalents	27.4	0.30	Actual	27.4	0.30
Other	1.2	0.01	Actual	1.2	0.01
Total net assets	201.8	2.20		200.5	2.18

1. iSOFT carrying value of shares at \$0.068 per share representing the market value as at 24 February 2011. Convertible notes assessed at a net present value of \$0.46 per note at 31 December 2010

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 \$27.4m which will be used to support existing investments and working capital requirements.

Possible shareholder vote on future business strategy

On 3 April 2009, the Company announced that shareholders would be given an opportunity to vote on the future business strategy of the Company if, in April 2011, the share price continued to trade at a discount of greater than 15 per cent to the Company's net asset value. Any vote will be to decide whether or not the Company would recommence new investing activities or continue with the current strategy of managing the existing investments with a view to realisation over an appropriate timeframe. The directors will give consideration to the timing of this meeting, if required to be held, once there is greater certainty around the completion of the sale of Signature Security Group and the iSOFT strategic review process.

Further information is contained in the Appendix 4D, Half Year Financial Report and Results Presentation slides released today.

For further information, please contact:

Investor Relations:

Robert Moran	David Neufeld
Managing Director	Company Secretary / CFO
Oceania Capital Partners Limited	Oceania Capital Partners Limited
Tel: 02 8243 2200	Tel: 02 8243 2200

Media:

Ben Wilson
Cosway
Tel: 02 9929 8344
Mob: 0407 966 083
