Oceania Capital Partners Limited

ABN: 52 111 554 360

Half-year Financial Report
31 December 2009

Contents

The Directors present their report together with the financial report of the Consolidated Entity comprising Oceania Capital Partners Limited ("the Company" or "OCP") and its controlled entities (together "the Consolidated Entity") for the half year ended 31 December 2009 and the Auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the reporting period are:

Current Directors	Appointed
Ian Tsicalas	25 July 2007
Robert Moran (Managing Director)	25 July 2007
Michael Brogan	10 August 2007
Peter Yates	12 November 2004

Principal Activity

The principal activity of the Company during the course of the current and prior reporting periods was investment. The Company has invested in operating businesses, whether privately owned or publicly listed, with decisions being based on the fundamental investment characteristics of the business. The primary focus is on investing capital in businesses which will grow over the investment period, enabling a successful profitable exit for the Company. The Company, either directly or through subsidiary entities, has invested in a number of businesses that operate in the financial services, healthcare technology and security industries.

On 3 April 2009, the Company announced that it would not engage in new investment activity for the time being other than to meet already committed obligations or to invest in value enhancing bolt-on opportunities for the investments currently held. This announcement was made as part of a program endeavouring to maximise shareholder value following completion of a rigorous strategic review to address the differential between the Company's share price and the underlying value of the Company's net assets. Further detail is contained in the *Likely Developments and Prospects* section of this Directors' Report.

Significant Changes in the State of Affairs

A return of capital of $59.7 million (65.0 cents per share) was paid from the cash reserves of the Company to eligible shareholders on 9 July 2009.

There were no other significant changes in the affairs of the Consolidated Entity during the reporting period.

Operating and Financial Review

The net profit after tax of the Consolidated Entity for the half year ended 31 December 2009 was $5,547,000 (2008 - $5,196,000).

The result includes:

- interest income earned on funds held on interest bearing deposit with banking institutions of $0.6 million (2008 - $3.2 million). The reduction in interest income reflects the lower levels of cash held on deposit by the Company following payment of the return of capital to eligible shareholders in July 2009 ($59.7 million);
- a profit before financing costs, depreciation, amortisation and tax of $13.7 million (2008 - $12.6 million) earned by Signature Security Group from sales and associated service revenue of $38.6 million (2008 - $37.0 million);
- an equity accounted profit contribution of $2.4 million (2008 - $0.5 million loss) from Baycorp;

- an equity accounted profit contribution of $1.4 million from the Consolidated Entity's interest in iSOFT Group Limited (2008 - $2.9 million); and
- a profit before tax for the period recognised on the sale of listed securities of $1.9 million (2008- $nil).

The prior corresponding period result also included:

- net fees, interest income and fair value accounting impacts on the warrants held in iSOFT Group Limited (then IBA Health Group Limited) totalling of $5.6 million earned by the Consolidated Entity for providing loan funding to IBA Health Group Limited for the iSOFT plc acquisition completed in October 2007; and
- a cumulative mark to market unrealised loss of $4.0 million before tax on available-for-sale listed securities held at 31 December 2008 that, in accordance with accounting standards, the directors determined should be taken through the income statement rather than retained in an equity reserve.

PDL accounting impacts for Baycorp

From 1 July 2008, Trans Tasman Collections Holdings Pty Limited (Baycorp) changed its accounting policy for Purchased Debt Ledgers (PDLs) as has the Consolidated Entity. Baycorp now accounts for PDLs as "Loans and Receivables at amortised cost". Previously the PDLs were accounted for as "Available for sale financial assets". The change in policy means that the fair value of forecast cash flows from PDLs are now assessed using the original effective interest rate implicit to each debt ledger (being the forecast ungeared equity return on the forecast gross cashflows at the time that the PDL was acquired). Under this revised accounting policy, movements in forecast cash flows that impact on the fair value of PDLs are now taken directly to the income statement rather than through an equity reserve account.

Baycorp re-forecasts its collection expectations on each PDL each six months for the purposes of determining the recoverable amount as at balance date. As at 31 December 2009, Baycorp has again adjusted forecast collections across its portfolio of PDLs. In some cases this has resulted in reducing expected collections based on changed economic circumstances and in some cases this has resulted in increasing expected collections based on the particular characteristics of the relevant PDL. In some cases the period over which the collections are expected to be achieved have also altered.

The result of this re-forecasting exercise has been that the PDL assets continue to be a very prospective portfolio of PDLs, with attractive forecast returns well in excess of 20% per annum. However, as a result of the requirement of the accounting standard to discount those forecast cash flows at the original expected effective interest rate (which across the portfolio is a weighted average rate in excess of 35%), even a small reduction in forecast collections or a small delay in expected timing of collection produces a significant decrement to the accounting recoverable amount of the PDL. Baycorp is required to account for this notional deficit in the future collections through its income statement, notwithstanding that the business expects to collect well in excess of the purchase price of the debt. The impact on the equity accounted contribution from Baycorp for the six months ended 31 December 2009 from this re-forecasting exercise was a decrement of $0.3 million (six months to 31 December 2008 - $2.3 million).

Application of funds

At balance date the Consolidated Entity had:

- $48.1 million of cash at bank or on deposit (of which $44.5 million is held by the Company). Deposits are interest bearing and held with major Australian banking institutions;
- approximately $393.7 million of funds invested in iSOFT Group, Signature Security Group and Baycorp; and
- investments in other listed securities with a fair value of $14.9 million.

Carrying amounts of investments

Investments are carried at fair or recoverable value in the balance sheet. In assessing the appropriateness of carrying amounts, the directors have had regard to a number of factors, including:

- the appropriate valuation methodology and comparative company valuation multiples;
- the business plans and the investment thesis for each transaction;
- financial analysis taking into account current and budgeted earnings;
- independent assessment reports;
- the assessed risks to the forecast outcome being achieved over the expected holding period of each investment; and
- the Company's business model to actively assist and oversee the management of the businesses in which the Consolidated Entity has invested with a view to enhancing the value of those businesses over the expected holding period.

iSOFT Group Limited (iSOFT) is a listed entity and, therefore, has a readily identifiable market value at any point in time. At 31 December 2009, the market value of the shares and convertible notes held in iSOFT, on a fully diluted basis, was $239.3 million which compares with a carrying amount of $273.2 million, a negative difference of $33.9 million. If the directors had considered the investment had been impaired and used the 31 December 2009 readily identifiable market value, OCP would have made a substantial loss for the period under review. However, having regard to the Company's business model and after due consideration of fair value, the directors are of the view that it is not appropriate to measure the fair value of equity accounted listed investments solely by reference to the share price at balance date. Assessment of fair value has been undertaken having regard to the factors outlined in the previous paragraph. Subsequent to 31 December 2009 and up until the date of this report, the iSOFT share price has decreased and the gap between market value and carrying amount has further increased. Refer to *Events subsequent to reporting date* below.

Included in the equity accounted carrying amount for iSOFT at 31 December 2009 is the Consolidated Entity's share of the movements in certain of the reserves of iSOFT during the six months ended 31 December 2009 of $63.2 million. The Consolidated Entity's equity accounted share of these reserve movements is $18.3 million before tax effect accounting. This amount includes the movement in iSOFT's foreign currency translation reserve. The movement of the Australian dollar against the British Pound, Euro and other currencies during the period resulted in iSOFT recognising an unrealised loss on translation to Australian dollars of foreign currency financial statements of its controlled entities or business segments. There was a corresponding decrease on translation in the Australian dollar carrying value of the net assets, mainly comprising goodwill and intangibles. Accounting standards require the Consolidated Entity to include its share of this movement in the equity accounted carrying amount. The impact is taken directly to the "Share of reserves of interests in associates and joint ventures using the equity method reserve" where it is also tax effected. While it affects the reported net assets of the Consolidated Entity, this amount is not taken to the Income Statement. The Consolidated Entity is required to account for the effects of these foreign currency movements across each reporting period and, therefore, remains exposed to the impacts of any such currency movements.

Share Buy-back

On 26 August 2009, the Company announced an extension of the on-market share buy-back that was first announced on 27 August 2008. The size of the buy-back was also increased by 1,057,289 ordinary shares to 4,837,962 ordinary shares being the maximum permitted under the Corporations Act without the need for shareholder approval (being a maximum of 10% of the issued capital of the Company in a 12 month period). The buy-back will continue for 12 months or until the maximum number of shares is acquired or until notice is given that the buy-back is concluded (whichever first occurs). The Company has not bought back any shares during the reporting period but may elect to do so if the Board determines that this would be in the interests of the Company.

Borrowings

The Company had no borrowings at 31 December 2009.

The Consolidated Entity, through Signature Security Group, had bank borrowings with a balance of $86.0 million, net of unamortised borrowing costs, comprising senior debt, mezzanine debt and amounts drawn under an acquisition facility. These borrowings are recourse only to Signature Security Group and have no recourse to the Company.

Management Agreement with AEPM

On 18 August 2009, the Company served a notice under section 925A of the Corporations Act 2001 (Cth) (Rescission Notice) on Allco Equity Partners Management Pty Ltd (in liquidation) (Receivers and Managers appointed) in its capacity as trustee of the AEP Management Trust (AEPM) rescinding the Management Agreement between the parties. OCP became entitled to serve the Rescission Notice upon AEPM as a result of the Australian Securities and Investments Commission having cancelled AEPM's Australian financial services licence on or about 20 July 2009. Following the rescission of the Management Agreement, the Company assumed direct responsibility for management of its assets. The Receivers and Managers appointed to AEPM have advised the Company that they have reserved their rights to challenge the Rescission Notice.

Dividends

The 2008/2009 final dividend of $5.5 million (6.0 cents per ordinary share) was paid on 30 October 2009.

No interim dividend has been declared for the period ended 31 December 2009.

The dividend reinvestment plan has not been activated.

Events subsequent to reporting date

The iSOFT Group Limited share price has fallen since 31 December 2009 so that, as at the date of this interim financial report, the gap between the carrying amount of the equity accounted investment at 31 December 2009 and the market value of the shares and notes (if converted) as measured by the iSOFT share price has increased to approximately $98.7 million. Notwithstanding this increased gap, the directors do not consider an adjustment to the carrying amount of the investment is required for the reasons detailed above under *Carrying amounts of investments*.

On 25 February 2010, the Company announced that it proposed to make a return of capital to eligible shareholders of 30.0 cents per share ($27.6 million) subject to approval by shareholders and obtaining a ruling from the Australian Taxation Office. The proposed return of capital will be funded from the cash reserves of the Company. No provision for the return of capital has been made in the 31 December 2009 Half Year Financial Report.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

Likely Developments and Prospects

On 3 April 2009, the Company announced a program to endeavour to maximise value for shareholders by addressing the differential between the Company's share price and the underlying value of the Company's net assets. The program includes the following components:

- existing investments will continue to be managed with a view to profitable realisation over an appropriate investment timeframe;

- the Company will not make any new investments prior to a possible shareholder vote, as explained below, other than to meet already committed obligations or to invest in value enhancing bolt-on opportunities for the current investments;
- a return of excess cash to shareholders. This was completed by way of the return of capital that was approved by shareholders on 24 June 2009 and paid to eligible shareholders on 9 July 2009; and
- shareholders will be given the opportunity to vote on the future direction of the Company should the differential between the Company's share price and the underlying value of the net assets persist. Subject to the Company's shares continuing to trade at a discount to net asset value of more than 15 per cent in April 2011[1], an Extraordinary General Meeting of Shareholders will be convened to consider whether to continue with the current business strategy or to realise the remaining investments in an orderly manner and distribute available cash reserves. If the meeting is held and shareholders vote to realise the remaining investments, the optimal timeframe for any such realisations will be determined at the time of the shareholder meeting based on prevailing circumstances. If shareholders do not resolve to realise the remaining investments and distribute cash reserves (or if the meeting is not required to be held), the Company would revert to its original business strategy of providing shareholders with the opportunity to access potentially attractive private equity transactions and activist public market situations through an ASX-listed security.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the period ended 31 December 2009.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Ian Tsicalas
Chairman

Dated at Sydney this 25th day of February 2010

1 The discount will be determined by reference to the volume-weighted average price of OCP shares for the three months prior to the date of the notice of the meeting and the average stated net asset value during this period. In the event that OCP realises all of its current investments prior to April 2011, the directors will convene a meeting of shareholders at an earlier date than currently envisaged.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Oceania Capital Partners Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Brendan Twining
Partner

Sydney

25 February 2010

	Note	31 December 2009 $'000	31 December 2008 $'000
Sales and associated service revenue		38,641	37,022
Interest income		724	8,353
Dividends received		578	1,011
Total revenue		39,943	46,386
Share of profit of associates and joint ventures	6	3,796	2,400
Profit on disposal of available-for-sale financial assets		1,906	-
Other operating income		678	390
Total operating income		46,323	49,176
Equipment and service materials costs		(4,077)	(4,162)
Impairment of available-for-sale financial assets		-	(4,043)
Due diligence and transaction costs		(739)	(673)
Employee benefits expense		(17,366)	(16,868)
Other operating expenses		(5,527)	(4,813)
Total profit before financing costs, tax, depreciation and amortisation		18,614	18,617
Depreciation		(3,448)	(2,848)
Amortisation		(2,920)	(2,469)
Total profit before financing costs and tax		12,246	13,300
Financing costs		(4,288)	(4,693)
Profit before income tax		7,958	8,607
Income tax expense		(2,411)	(3,411)
Profit for the period		5,547	5,196
Attributable to:			
Equity holders of the parent entity		5,493	5,154
Non-controlling interests		54	42
Profit for the period		5,547	5,196
		Cents	Cents
Basic earnings per share attributable to ordinary equity holders		5.98	5.47
Diluted earnings per share attributable to ordinary equity holders		5.98	5.47

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

	Note	31 December 2009 $'000	31 December 2008 $'000
Profit for the period		5,547	5,196
Other Comprehensive Income			
Net change in fair value of cash flow hedges	10	1,469	(614)
Net change in fair value of available-for-sale financial assets	10	3,637	6,257
Share of associates reserves	10	(17,454)	37,268
Foreign currency translation differences	10	(58)	(4,090)
Income tax on other comprehensive income		3,941	(13,028)
Other comprehensive income for the period, net of income tax		(8,465)	25,793
Total comprehensive income for the period		(2,918)	30,989
Attributable to:			
Equity holders of the parent entity		(3,004)	30,947
Non-controlling interests		86	42
Total comprehensive income for the period		(2,918)	30,989

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Oceania Capital Partners Limited
Consolidated Statement of Financial Position
as at 31 December 2009

	Note	31 December 2009 $'000	30 June 2009 $'000
Current assets			
Cash and cash equivalents	3	48,129	100,781
Receivables	4	7,312	7,619
Available-for-sale financial assets	5	14,902	21,754
Inventories		1,783	1,404
Current tax assets		2,317	169
Total current assets		74,443	131,727
Non-current assets			
Other financial assets		2,579	2,033
Investments accounted for using the equity method	6	320,673	337,419
Property, plant and equipment		19,039	18,298
Intangible assets	7	143,427	141,686
Total non-current assets		485,718	499,436
Total assets		560,161	631,163
Current liabilities			
Creditors and payables		6,890	65,835
Derivative financial instruments		1,718	3,188
Deferred income		1,121	890
Interest-bearing loans and borrowings	8	5,126	5,319
Current tax liabilities		-	105
Employee entitlements		2,089	2,349
Total current liabilities		16,944	77,686
Non-current liabilities			
Deferred tax liability		470	32
Deferred income		206	388
Interest-bearing loans and borrowings	8	80,849	84,018
Employee entitlements		807	746
Total non-current liabilities		82,332	85,184
Total liabilities		99,276	162,870
Net assets		460,885	468,293
Equity			
Issued capital	9	426,216	426,216
Reserves	10	11,593	20,058
Retained earnings	11	19,739	19,761
Total equity attributable to equity holders of the parent entity		457,548	466,035
Non-controlling interests		3,337	2,258
Total equity		460,885	468,293

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated	Contributed equity $'000	Equity reserve $'000	Available-for-sale investments revaluation reserve $'000	Cashflow hedge reserve $'000	Foreign currency translation reserve $'000	Share of reserves of interests in associates and joint ventures using the equity method $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
	Attributable to owners of Oceania Capital Partners Limited									
Balance at 1 July 2009	426,216	25,690	-	(2,232)	(1,718)	(1,682)	19,761	466,035	2,258	468,293
Profit for the period	-	-	-	-	-	-	5,493	5,493	54	5,547
Other comprehensive income for the period, net of tax	-	-	2,547	1,028	(62)	(11,978)	-	(8,465)	-	(8,465)
Transactions with owners in their capacity as owners:										
Dividends provided for or paid	-	-	-	-	-	-	(5,515)	(5,515)	-	(5,515)
Movement in non-controlling interests	-	-	-	-	-	-	-	-	1,025	1,025
	-	-	-	-	-	-	(5,515)	(5,515)	1,025	(4,490)
Balance at 31 December 2009	426,216	25,690	2,547	(1,204)	(1,780)	(13,660)	19,739	457,548	3,337	460,885

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Attributable to owners of Oceania Capital Partners Limited									
Consolidated	**Contributed equity $'000**	**Equity reserve $'000**	**Available-for-sale investments revaluation reserve $'000**	**Cashflow hedge reserve $'000**	**Foreign currency translation reserve $'000**	**Share of reserves of interests in associates and joint ventures using the equity method $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
Balance at 1 July 2008	494,875	25,690	(4,380)	1,600	(1,743)	(1,150)	16,747	531,639	2,184	533,823
Profit for the period	-	-	-	-	-	-	5,154	5,154	42	5,196
Other comprehensive income for the period, net of tax	-	-	4,380	(430)	(4,090)	25,933	-	25,793	-	25,793
Transactions with owners in their capacity as owners:										
Dividends provided for or paid	-	-	-	-	-	-	(5,806)	(5,806)	-	(5,806)
Share buy-back	(8,910)	-	-	-	-	-	-	(8,910)	-	(8,910)
	(8,910)	-	-	-	-	-	(5,806)	(14,716)	-	(14,716)
Balance at 31 December 2008	485,965	25,690	-	1,170	(5,833)	24,783	16,095	547,870	2,226	550,096

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	31 December 2009 $'000	31 December 2008 $'000
Cash flows from operating activities		
Receipts from customers	43,215	40,223
Payments to suppliers and employees	(30,507)	(30,873)
Interest received	884	3,410
Dividends received	578	1,011
Other operating income	132	-
Income taxes paid	(276)	(904)
Net cash from operating activities	14,026	12,867
Cash flows from investing activities		
Dividends and interest received from associates	3,088	2,831
Equity contribution to associates and jointly controlled entities	-	(5,000)
Proceeds from sale of available-for-sale financial assets	13,206	-
Payments for purchase of available-for-sale financial assets	(810)	-
Payments for property, plant and equipment	(4,189)	(7,294)
Payments for due-diligence and other transaction costs	(680)	(73)
Payments for dealer line acquisitions	(4,445)	(9,369)
Net cash from investing activities	6,170	(18,905)
Cash flows from financing activities		
Return of capital paid to eligible shareholders	(59,749)	-
Repayment of borrowings	(3,635)	(1,920)
Payment of dividends	(5,515)	(5,806)
Interest paid	(4,174)	(4,423)
Proceeds from issue of shares to non-controlling interests	226	-
Payments for share buy-back	-	(8,910)
Net cash from financing activities	(72,847)	(21,059)
Net increase in cash and cash equivalents	(52,651)	(27,097)
Cash and cash equivalents at 1 July	100,781	98,328
Effect of exchange rate fluctuations on cash and cash equivalents	(1)	23
Cash and cash equivalents at 31 December	48,129	71,254

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

1. Significant accounting policies

This general purpose financial report for the half-year ended 31 December 2009 comprises Oceania Capital Partners Limited ("the Company" or "OCP"), and its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interest in associates and jointly controlled entities.

The Company is domiciled in Australia.

The half-year financial report was approved by the Board of Directors on 25 February 2010.

(a) Statement of compliance

This consolidated half-year financial report is a general purpose financial report which has been prepared in accordance with AASB134 *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated half-year financial report does not include all of the information required for a full annual financial report. Accordingly, this report is to be read in conjunction with the 30 June 2009 consolidated financial report and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Basis of preparation

The accounting policies applied by the Consolidated Entity in this consolidated half-year financial report are the same as those applied by the Consolidated Entity in its 30 June 2009 consolidated financial report.

(c) Addition of new and revised accounting standards

There were a number of Australian Accounting Standards and Interpretations applicable for the current reporting period. Adopting some of these standards and interpretations did not result in significant changes in the accounting policies of the Consolidated Entity.

The adoption of the following AASBs have impacted upon disclosures in this interim financial report.

(i) AASB 101 *Revised Presentation of Financial Statements*

The adopted standard became effective as of 1 January 2009. The revised standard requires the Consolidated Entity to present all changes in equity attributable to the owners of the Company in the Consolidated Statement of Changes in Equity. All non-owner changes in equity are presented in the Consolidated Statement of Comprehensive Income. Comparative information has been presented so that it is also in conformity with the revised standard.

(ii) AASB 8 *Operating Segments*

The adopted standard requires the adoption of a 'management approach' to reporting on financial performance of operating segments. The information to be reported is based on information used internally by the Chief Operating Decision Maker to evaluate performance of operating segments. A single set of operating segments replaces the business and geographical segments disclosed previously. Comparative segment information has been presented in conformity with the requirements of the standard.

Details of standards and interpretations that have not been early adopted and that are relevant to current operations are provided below.

Title	Description	Operative Date	Note
AASB 2009-5	Further amendment to Australian Accounting Standards arising from the annual improvement project	1 January 2010	A
AASB 2009-12	Amendments to Australian Accounting Standards	1 January 2011	B
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment transactions	1 January 2011	A

Table Notes:

A: These changes are not expected to have a significant financial impact, if any.

B: These changes will only impact disclosures when preparing an annual financial report.

(d) Use of estimates and judgements

The preparation of the consolidated half-year financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the remainder of this financial year and the next financial year are the measurement of the recoverable amount of equity accounted investments (Note 6) and intangible assets (Note 7).

2. Segment reporting

Operating segments are determined based on the industry sectors in which the Consolidated Entity has invested which is consistent with the business plan to invest in operating businesses. The primary operating segments are:

- Healthcare Technology — Development and licencing of computer software to the healthcare industry
- Financial Services — Receivables management
- Security — Security system installation and monitoring

The segment information disclosed is presented both on a 100% business reporting basis from management information reviewed by the Chief Operating Decision Maker and on a financial reporting basis to reflect that the Consolidated Entity does not fully own and, therefore, consolidate all the businesses in which it has invested.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

(a) Business segment basis

	Healthcare Technology $'000	Financial Services $'000	Security $'000	Total $'000
31 December 2009				
External revenues				
Business segment revenue	239,286	28,782	38,728	306,796
Inter-segment revenue	-	-	-	
Business segment EBITDA	40,782	9,673	13,665	64,120
Business segment EBIT	16,521	8,358	7,307	32,186
Business segment total assets	1,196,597	165,370	174,373	
Business segment total liabilities	508,146	68,068	98,259	
Business segment net assets	688,451	97,302	76,114	
31 December 2008				
External revenues				
Business segment revenue	275,381	31,436	37,056	343,873
Inter-segment revenue	-	-	-	
Business segment EBITDA	67,488	11,484	12,567	91,539
Business segment EBIT	41,917	377	7,260	49,554
Business segment total assets	1,421,798	165,299	173,164	
Business segment total liabilities	703,297	73,975	106,766	
Business segment net assets	718,501	91,324	66,398	

Business segment total assets and liabilities represent 100% of the assets and liabilities of each business. They do not reconcile to the total assets and liabilities reported by the Consolidated Entity which reflects consolidation and equity accounting impacts.

(b) Consolidated entity basis

	Healthcare Technology $'000	Financial Services $'000	Security $'000	Other $'000	Total $'000
31 December 2009					
External revenues					
Reported revenues (including interest income)	-	-	38,728	1,215	39,943
Inter-segment revenues	-	-	-	-	-
Share of profit of associates and joint ventures					3,796
Other income					2,584
Total reported operating income					46,323
Interest income			87	637	724
Financing costs			(4,288)	-	(4,288)
Depreciation and amortisation			(6,358)	(10)	(6,368)
Profit before financing costs and tax					
Share of profit of associates and joint ventures	1,394	2,402	-	-	3,796
Other reportable segment profit before financing costs and tax	-	-	7,307	1,143	8,450
Total reported profit before financing costs and tax	1,394	2,402	7,307	1,143	12,246
Financing costs					(4,288)
Income tax expense					(2,411)
Profit for the period					5,547
Reported assets allocated by segment					
Investment in associates and joint ventures	273,150	47,523	-	-	320,673
Other reportable segment assets	2,579	-	174,373	62,536	239,488
Total reported assets allocated by segment	275,729	47,523	174,373	62,536	560,161
Total reported liabilities allocated by segment	-	-	98,259	1,017	99,276

	Healthcare Technology $'000	Financial Services $'000	Security $'000	Other $'000	Total $'000
31 December 2008					
External revenues					
Reported revenues (including interest income)	-	-	37,056	9,330	46,386
Inter-segment revenues	-	-	-	-	-
Share of profit of associates and joint ventures					2,400
Other income					390
Total reported operating income					49,176
Interest income			36	8,317	8,353
Financing costs			(4,693)	-	(4,693)
Depreciation and amortisation			(5,307)	(10)	(5,317)
Profit before financing costs and tax					
Share of profit of associates and joint ventures	2,882	(482)	-	-	2,400
Other reportable segment profit before financing costs and tax	-	-	7,260	3,640	10,900
Total reported profit before financing costs and tax	2,882	(482)	7,260	3,640	13,300
Financing costs					(4,693)
Income tax expense					(3,411)
Profit for the period					5,196
Reported assets allocated by segment					
Investment in associates and joint ventures	289,843	44,995	-	-	334,838
Other reportable segment assets	61,654	-	174,873	96,076	332,603
Total reported assets allocated by segment	351,497	44,995	174,873	96,076	667,441
Total reported liabilities allocated by segment	-	-	106,766	10,579	117,345

(c) Reconciliations

	31 December 2009 $'000	31 December 2008 $'000
Business segment revenue	306,796	343,873
Less: Healthcare Technology and Financial Services revenue	(268,068)	(306,817)
Plus: Share of profit of associates and joint ventures	3,796	2,400
Plus: Other revenue and income	3,799	9,720
Total reported operating income	46,323	49,176
Business segment EBIT	32,186	49,554
Less: Healthcare Technology and Financial Services EBIT	(24,879)	(42,294)
Plus: Share of profit of associates and joint ventures	3,796	2,400
Plus: Other profit before financing costs and tax	1,143	3,640
Total reported profit before financing costs and tax	12,246	13,300

3. Cash and cash equivalents

	31 December 2009 $'000	30 June 2009 $'000
Cash at bank and on hand	16,822	40,561
Deposits at call	11,986	41,668
Term deposits	19,321	18,552
	48,129	100,781

A return of capital of $59.7 million (65.0 cents per share) was paid to eligible shareholders on 9 July 2009. Refer note 9.

4. Receivables

Interest receivable	99	125
Trade receivables	5,514	5,886
Provision for doubtful debts	(466)	(377)
Other receivables	1,412	1,109
Prepayments	753	876
	7,312	7,619

5. Available-for-sale financial assets

Listed equity securities at cost	16,000	31,187
Cumulative mark to market fair value adjustment	(1,098)	(9,433)
Current	14,902	21,754

6. Investments accounted for using the equity method

The Consolidated Entity accounts for investments in the following associates and jointly controlled entities using the equity method. Unless otherwise specified, investments are in companies incorporated in Australia.

Name of entity	Principal activity	Economic ownership interest 31 December 2009 %	30 June 2009 %
iSOFT Group Limited	Healthcare Technology	28.5	29.1
Trans Tasman Collections Holdings Pty Limited	Receivables Management	50.0	50.0

The equity accounted results for the period and the carrying amounts of investments in associates and jointly controlled entities at balance date are:

Name of entity	Contribution to net profit 31 December 2009 $'000	31 December 2008 $'000	Equity accounted carrying amount 31 December 2009 $'000	30 June 2009 $'000
iSOFT Group Limited	1,394	2,882	273,150	293,096
Trans Tasman Collections Holdings Pty Limited	2,402	(482)	47,523	44,323
	3,796	2,400	320,673	337,419

The movements in carrying amounts of investments in associates and jointly controlled entities during the period are:

	31 December 2009 $'000	30 June 2009 $'000
Carrying amount at the beginning of the financial period	337,419	290,141
Investments in associates acquired (including capitalised transaction costs)	-	39,375
Disposal of shares in associates	-	(8,908)
Equity contribution to jointly controlled entities	-	5,000
Profit on disposal of shares in associates	-	1,684
Share of net equity accounted profits after tax	3,796	10,288
Share of post acquisition movements in reserves	(17,454)	(161)
Less: dividends received from equity accounted investments	(3,088)	-
Carrying amount at the end of financial period	320,673	337,419

	31 December 2009		30 June 2009	
	Carrying amount $'000	Market value $'000	Carrying amount $'000	Market value $'000
Listed shares (accounted for using the equity method)	273,150	239,314	293,096	200,715

iSOFT Group Limited

The economic ownership interest in iSOFT at 31 December 2009 reflects both shares and convertible notes held in iSOFT at that date as if the notes had been converted. At 31 December 2009, the Consolidated Entity's shareholding represented 25.3% of iSOFT's issued shares (on an undiluted basis). The carrying value at 31 December 2009 includes capitalised costs of acquisition, the equity accounted profit contribution from iSOFT and the Consolidated Entity's share of the movements in reserves of iSOFT. At 31 December 2009, the Consolidated Entity has an economic interest of 28.5% in the issued shares of iSOFT on a fully diluted basis (shares and convertible notes, if converted). The percentage holding in iSOFT reduced during the financial period as a result of shares issued by iSOFT under its approved employee share, loan and incentive plans.

At 31 December 2009, the carrying amount of the investment in iSOFT comprises:

	$'000
Shares	232,123
Convertible notes	39,718
Capitalised transaction fees and costs	6,804
Equity accounting impacts	(5,495)
	273,150

As part of its business model, the Company actively assists and oversees the management of the businesses that it invests in with a view to enhancing the value of those investments. As such, it is not considered appropriate to measure the fair value of listed investments accounted for using the equity method solely by reference to the share price of those investments at balance date. Assessment of fair value, using appropriate methodologies, is undertaken at balance date to confirm the appropriateness of the carrying amount.

In assessing the appropriateness of the carrying amount of the investment in iSOFT, the directors have had regard to a number of factors, including:

- the appropriate valuation methodology and comparative company valuation multiples;
- the business plans and the investment thesis for the transaction;
- financial analysis taking into account current and forecast earnings;
- an independent assessment of the recoverable value based primarily on a value in use methodology;
- the assessed risks to the forecast outcome being achieved over the expected holding period of the investment; and
- the Company's business model to actively assist and oversee the management of the businesses in which the Consolidated Entity has invested in with a view to enhancing the value of those businesses over the expected holding period.

Key estimates used in assessing recoverable value of the investment in iSOFT included:

- discount rates, based on weighted average cost of capital, ranging from 11.0% to 15.4% across the various business units of iSOFT;
- revenue growth of between 5.7% and 15.5% across the forecast period based on approved iSOFT budgets and forecasts;
- utilising exchanges rates against the Australian dollar as at 31 December 2009; and
- terminal year revenue growth rates ranging from 2.0% to 3.0%.

iSOFT is a listed entity and, therefore, has a readily identifiable market value at any point in time. The market value of the shares and convertible notes (if converted) held in iSOFT at the 31 December 2009 iSOFT share price was $239.3 million which compares with an equity accounted carrying amount of $273.2 million. If the directors had considered the investment to be impaired and used the 31 December 2009 readily identifiable market value, the Consolidated Entity would have made a substantial loss for the period under review. However, having regard to the volatility being experienced by equities markets, the Company's business model and after due consideration of fair value, the directors are of the view that it is not appropriate to measure the fair value of equity accounted listed investments solely by reference to the share price at balance date. Assessment of fair value has been undertaken having regard to the factors outlined above. Subsequent to 31 December 2009 and up until the date of this report, the iSOFT share price has decreased and the gap between market value and carrying amount has further increased (refer Note 15).

Included in the equity accounted carrying amount for iSOFT at 31 December 2009 is the Consolidated Entity's share of the movements in certain of the reserves of iSOFT during the 6 month financial period ended 31 December 2009 of $63.2 million. The Consolidated Entity's equity accounted share of these reserve movements is $18.3 million before tax effect accounting. This includes the movement in iSOFT's foreign currency translation reserve. The movement of the Australian dollar against the British Pound, Euro and other currencies during the period resulted in iSOFT recognising an unrealised loss on translation to Australian dollars of foreign currency financial statements of its controlled entities or business segments. There was a corresponding decrease on translation in the Australian dollar carrying value of the net assets, mainly comprising goodwill and intangibles. Accounting standards require the Consolidated Entity to include its share of this movement in the equity accounted carrying amount. The impact is taken directly to the "Share of reserves of interests in associates and joint ventures using the equity method reserve" where it is also tax effected (Note 10). While it affects the reported net assets of the Consolidated Entity, this amount is not taken to the Income Statement. The Consolidated Entity is required to account for the effects of these foreign currency movements across each reporting period and, therefore, remains exposed to the impacts of any such currency movements.

Trans Tasman Collections Holdings Pty Limited (Baycorp)

In assessing the appropriateness of the carrying amount of the investment in Baycorp, the directors have had regard to a number of factors, including:

- the appropriate valuation methodology and comparative company valuation multiples;
- the business plans and the investment thesis for the transaction;

- financial analysis taking into account current and forecast earnings;
- an independent assessment of the recoverable value prepared having regard to both fair value less costs to sell and value in use methodologies;
- the assessed risks to the forecast outcome being achieved over the expected holding period of the investment; and
- the Company's business model to actively assist and oversee the management of the businesses in which the Consolidated Entity has invested in with a view to enhancing the value of those businesses over the expected holding period.

Key estimates used in assessing recoverable value of the investment in Baycorp included:

- a range of trading multiples of comparable companies;
- a 5 year forecast period;
- discount rates, based on weighted average cost of capital, ranging from 11.0% to 12.0%;
- utilising exchanges rates against the Australian dollar as at 31 December 2009; and
- terminal year revenue growth rates of approximately 3.0%.

From 1 July 2008, Trans Tasman Collections Holdings Pty Limited (Baycorp) changed its accounting policy for Purchased Debt Ledgers (PDLs) as has the Consolidated Entity. Baycorp now accounts for PDLs as "Loans and Receivables at amortised cost". Previously the PDLs were accounted for as "Available for sale financial assets". The change in policy means that the fair value of forecast cash flows from PDLs are now assessed using the original effective interest rate implicit to each debt ledger (being the forecast ungeared equity return on the forecast gross cash flows at the time that the PDL was acquired). Under this revised accounting policy, any movement in forecast cash flows that impact on the fair value of PDLs is now taken directly to the income statement rather than through an equity reserve account. Baycorp re-forecasts its collection expectations on each PDL each six months for the purposes of determining the recoverable amount as at balance date. As at 31 December 2009, Baycorp has again adjusted forecast collections across its portfolio of PDLs. In some cases this has resulted in reducing expected collections based on changed economic circumstances and in some cases this has resulted in increasing expected collections based on the particular characteristics of the relevant PDL. In some cases the period over which the collections are expected to be achieved have also altered. The negative impact on the equity accounted contribution from Baycorp for the six months ended 31 December 2009 from the re-forecasting exercise was $0.3 million (six months ended 31 December 2008 - $2.3 million).

7. Intangible assets

	Goodwill $'000	Monitoring contracts $'000	Total $'000
Opening balance 1 July 2008			
Cost	115,878	35,440	151,318
Accumulated amortisation and impairment	-	(18,144)	(18,144)
Net carrying amount	115,878	17,296	133,174
Movement during the year ended 30 June 2009			
Cost of originated intangible costs	352	13,472	13,824
Amortisation	-	(5,120)	(5,120)
Effect of movements in foreign exchange	-	(192)	(192)
Closing net carrying amount	352	8,160	8,512
Balance as at 30 June 2009			
Cost	116,230	48,912	165,142
Accumulated amortisation and impairment	-	(23,456)	(23,456)
Net carrying amount	116,230	25,456	141,686
Movement during the period ended 31 December 2009			
Cost of originated intangible costs	-	4,445	4,445
Amortisation	-	(2,920)	(2,920)
Effect of movements in foreign exchange	-	216	216
	-	1,741	1,741
Balance as at 31 December 2009			
Cost	116,230	53,357	169,587
Accumulated amortisation and impairment	-	(26,160)	(26,160)
Net carrying amount	116,230	27,197	143,427

Impairment tests for goodwill

Goodwill is allocated to the Consolidated Entity's cash-generating units (CGU), identified according to business segment. At 31 December 2009, the entire goodwill balance of $116.2 million (30 June 2009: $116.2 million) related to the Consolidated Entity's investment in the Security (security system installation and monitoring) segment. Goodwill is reviewed annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

At 31 December 2009, an independent assessment of the recoverable amount for goodwill was prepared primarily by reference to the value in use methodology.

For the value in use assessment, a discounted cash flow model was prepared that utilised information prepared by management, including:

- a 5 year forecast period;
- discount rates ranging from 10.0% to 13.0% based on weighted average cost of capital;
- utilising exchanges rates against the Australian dollar as at 31 December 2009; and
- terminal year growth rates ranging from 3.0% to 5.0%.

The independent assessment also gave consideration to comparable transactions (fair value less costs to sell).

8. Interest-bearing loans and borrowings

	31 December 2009 $'000	30 June 2009 $'000
Senior secured borrowings	5,126	5,319
Current	5,126	5,319
Senior secured borrowings	56,125	59,419
Subordinated secured borrowings	24,724	24,599
Non-current	80,849	84,018

The above borrowings represent debt facilities of Signature Security Group. The facilities are secured against the assets of Signature Security Group entities with no recourse to the Company.

Senior secured borrowings are provided by a syndicate including National Australia Bank and BOS International (Australia) Limited. The borrowings are secured by a first ranking fixed and floating charge over the assets of the relevant subsidiary and are denominated in Australian dollars. Interest rates applicable to the various tranches of the facility were between BBSY + 1.50% and BBSY + 1.75% during the six months ended 31 December 2009, averaging 6.38% for this period. The maturity date of the facility is 13 July 2011. For these borrowings, 75% of the exposure to changes in interest rates has been hedged by entering into interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure.

Subordinated secured borrowings are provided by AMP Capital Investors Limited. The borrowings are secured by a fixed and floating charge over the assets of the relevant subsidiary, subordinated to the senior secured borrowings and are denominated in Australian dollars. Interest repayments for the period were at an average borrowing rate of 9.44%. The maturity date of the subordinated facility is six months after the final repayment of the senior secured borrowings.

At balance date, the Consolidated Entity had also drawn $13.6 million (30 June 2009 - $13.6 million) under a previously available acquisition facility that was provided by National Australia Bank and BOS International (Australia) Limited. The balance drawn is included in secured borrowings and matures on 13 July 2011. Interest rates for the period were at an average rate of 5.14%.

A $10.0 million working capital facility provided by National Australia Bank was drawn to $0.2 million at balance date.

The above borrowings are reported net of associated borrowing costs which are amortised over the term of the facilities.

9. Issued capital

	31 December 2009 Shares	30 June 2009 Shares	31 December 2009 $'000	30 June 2009 $'000
Ordinary shares fully paid	91,921,295	96,759,258	426,216	494,875
Ordinary shares bought back and cancelled	-	(4,837,963)	-	(8,910)
Return of capital eligible to shareholders	-	-	-	(59,749)
	91,921,295	91,921,295	426,216	426,216

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On 26 August 2009, the Company announced an extension of the on-market share buy-back that was first announced on 27 August 2008. The size of the buy-back was also increased by 1,057,289 ordinary shares to 4,837,962 ordinary shares being the maximum permitted under the Corporations Act without the need for shareholder approval (being a maximum of 10% of the issued capital of the Company in a 12 month period). The buy-back will continue for 12 months or until the maximum number of shares is acquired or until notice is given that the buy-back is concluded (whichever first occurs). The Company has not bought-back any shares during the reporting period but may elect to do so if the Board determines that this would be in the interests of the Company.

On 3 April 2009, the Company proposed a return of capital of 65.0 cents per share be paid to eligible shareholders subject to approval by shareholders and the Australian Taxation Office. Following receipt of the required approvals during June 2009, the return of capital was paid to eligible shareholders on 9 July 2009. The liability for the return of capital was recognised at 30 June 2009 with a corresponding reduction in the share capital account.

10. Reserves

	31 December 2009 $'000	30 June 2009 $'000
Equity reserve		
Opening balance 1 July	25,690	25,690
Transfer from retained earnings	-	-
Total equity reserve	25,690	25,690
Available-for-sale investments revaluation reserve		
Opening balance 1 July	-	(4,380)
Net unrealised gain/(loss) from changes in fair value on available-for-sale investments	4,587	2,214
Tax effect of net gain/(loss)	(1,090)	(664)
Transfer to the profit and loss account net of applicable tax	(950)	2,830
Total available-for-sale investments revaluation reserve	2,547	-
Cash flow hedging reserve		
Opening balance 1 July	(2,232)	1,600
Net gain/(loss) from changes in fair value on effective portion of cash flow hedges	1,469	(5,474)
Tax effect of net gain/(loss)	(441)	1,642
Total cash flow hedging reserve	(1,204)	(2,232)
Foreign currency translation reserve		
Opening balance 1 July	(1,718)	(1,743)
Currency translation differences arising during the year	(58)	(22)
Tax effect of net (loss)	(4)	47
Total foreign currency translation reserve	(1,780)	(1,718)
Share of reserves of interests in associates and joint ventures using the equity method		
Opening balance 1 July	(1,682)	(1,150)
Share of movement in reserves during the period	(17,454)	(161)
Tax effect of movement for the period	5,476	(371)
Total share of reserves of interests in associates and joint ventures using the equity method	(13,660)	(1,682)
Total reserves	11,593	20,058

Included in "Share of reserves of interests in associates and joint ventures using the equity method balance" at 31 December 2009, is OCP's share of the movements in the reserves of iSOFT Group Limited during the six month period to 31 December 2009 of $63.2 million. OCP's equity accounted share is $18.3 million before tax effect accounting. This amount mainly reflects the movement in iSOFT Group's foreign currency translation reserve during the reporting period. The movement of the Australian dollar against the British Pound, Euro and other currencies during the period resulted in iSOFT Group recognising a significant unrealised loss on translation to Australian dollars of foreign currency financial statements of its' controlled entities or business segments. There was a corresponding decrease on translation in the Australian dollar carrying value of the net assets, mainly comprising goodwill and intangibles. Accounting standards require the Consolidated Entity to include its share of this movement in the equity accounted carrying amount (Note 6). The impact is taken directly to the reserve account and is tax effected.

11. Retained earnings

	31 December 2009 $'000	30 June 2009 $'000
Opening balance	19,761	16,747
Net profit for the period attributable to equity holders of the parent entity	5,493	12,496
Dividends paid to shareholders	(5,515)	(9,482)
	19,739	19,761

12. Dividends

	31 December 2009 $'000	31 December 2008 $'000
Dividends paid		
Dividends provided for or paid during the half-year	5,515	5,806
Dividends proposed		
Dividends not recognised at the end of the half-year	-	3,676

The final dividend for the 2009 financial year of 6.0 cents per share was paid on 30 October 2009.

13. Commitments

(a) Lease commitments

Commitments in relation to non-cancellable operating leases, contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	31 December 2009 $'000	30 June 2009 $'000
Within one year	6,670	4,926
Later than one year but not later than five years	15,130	14,376
Later than five years	9,112	10,246
	30,912	29,548

The lease commitments represent payments due for leased premises under non-cancellable operating leases, and payments for motor vehicles under operating leases.

Included in lease commitments are amounts totalling $24.2 million (30 June 2009: $22.9 million) relating to lease commitments of equity accounted associates and jointly controlled entities.

(b) Other commitments

The Company committed in the 2008 financial year to provide an additional $10.0 million of equity funding to Trans Tasman Collections Holdings Pty Ltd (TTCH) to assist with the acquisition of debt ledgers. The funding will be provided as required by TTCH subject to specified conditions for drawdown being met (including co-contribution by other shareholders of TTCH). An amount of $5.0 million remains committed to be contributed (30 June 2009 - $5.0 million). No provision has been raised at balance date as the conditions for drawdown have not yet been met.

14. Contingent Liabilities

On 18 August 2009, the Company served a notice under section 925A of the Corporations Act 2001 (Cth) (Rescission Notice) on Allco Equity Partners Management Pty Ltd (in liquidation) (Receivers and Managers appointed) in its capacity as trustee of the AEP Management Trust (AEPM) rescinding the Management Agreement between the parties. OCP became entitled to serve the Rescission Notice upon AEPM as a result of the Australian Securities and Investments Commission having cancelled AEPM's Australian financial services licence on or about 20 July 2009. The Receivers and Managers appointed to AEPM have advised the Company that they have reserved their rights to challenge the Rescission Notice.

Signature Security Group Pty Limited (Signature), a member of the Consolidated Entity, has been named as a defendant in proceedings commenced by Tyco (Australia) Pty Ltd in the Federal Court of Australia. The proceedings allege that three companies and their principals (who had operated as dealers for Signature) made misleading and deceptive statements to potential customers and misused confidential information and that these actions led to certain Tyco customers agreeing to transfer their monitoring services to Signature. It further alleges that Signature is responsible for the conduct of the three dealers because they were acting as Signature's agents. Signature denies liability and intends to vigorously defend the proceedings.

The Consolidated Entity had no other material contingent liabilities at 31 December 2009.

15. Events occurring after balance date

The iSOFT Group Limited share price has fallen since 31 December 2009 so that, as at the date of this interim financial report, the gap between the carrying amount of the equity accounted investment at 31 December 2009 and the market value of the shares and notes (if converted) as measured by the iSOFT share price has increased to approximately $98.7 million. Notwithstanding this increased gap, the directors do not consider an adjustment to the carrying amount of the investment is required for the reasons detailed in note 6.

On 25 February 2010, the Company announced that it proposed to make a return of capital to eligible shareholders of 30.0 cents per share ($27.6 million) subject to approval by shareholders and obtaining a ruling from the Australian Taxation Office. The proposed return of capital will be funded from the cash reserves of the Company. No provision for the return of capital has been made in the 31 December 2009 Half Year Financial Report.

The directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial periods.

In the opinion of the Directors of Oceania Capital Partners Limited:

(a) the financial statements and notes set out on pages 9 to 28 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance for the six month period ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that Oceania Capital Partners Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Ian Tsicalas
Director

Dated at Sydney this 25th day of February 2010.

Independent auditor's review report to the members of Oceania Capital Partners Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Oceania Capital Partners Limited, which comprises the consolidated statement of financial position as at 31 December 2009, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 15 and the directors' declaration set out on pages 9 to 29 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Oceania Capital Partners Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oceania Capital Partners Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Brendan Twining
Partner

Sydney

25 February 2010