Oceania Capital Partners Limited

ABN: 52 111 554 360

Half-year Financial Report
31 December 2010

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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 2010 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 (Chairman)	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 objective has been on investing capital in businesses which have characteristics of resilience and 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 support the investments currently held. This announcement was made as part of a program endeavouring to maximise shareholder value following completion of a 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

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

On 23 February 2011, the Consolidated Entity announced that it had entered into a conditional agreement for the sale of its investment in the Signature Security Group. Further details are provided in the *Events subsequent to reporting date* section of this Directors' Report.

Operating and Financial Review

The net loss after tax of the Consolidated Entity for the half year ended 31 December 2010 was $23,163,000 (31 December 2009 - $44,224,000 profit re-presented).

The result includes:

- 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 reassessment 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 AASB 9 *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.

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:

- objectively observable information, such as share prices for listed investments;
- 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 that the Company has invested in 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, its shares have a readily identifiable market value at any point in time. The Consolidated Entity elected to early adopt accounting standard *AASB 9 Financial Instruments* during the 2010 financial year with effect from 1 July 2009. This means that the carrying amount of the investment in iSOFT (shares, convertible notes and warrants) is now assessed using the fair value method rather than the equity method that applied prior to 1 July 2009 (to the shares and convertible notes). Fair value for the shares has been assessed utilising the iSOFT share price as at 31 December 2010. The fair value of the notes has been assessed using an appropriate valuation methodology supported by an independent assessment. There was a reduction of $25.5 million in the carrying amount of the investment in iSOFT during the reporting period resulting from a fall in the iSOFT share price.

Signature Security Group has been classified and reported as an asset held for sale at 31 December 2010 in accordance with the requirements of *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations.* The main impacts on disclosure in accordance with AASB 5 are:

- Signature's net profit after tax for the period is reported as a single line item in the Income Statement rather than consolidated on a line-by-line basis. The result for the comparative period has been re-presented so as to be reported on the same basis.
- The Total Assets and Total Liabilities of Signature have been presented on single lines in the Current Assets and Current Liabilities sections of the Statement of Financial Position respectively. Fair value has been assessed having regard to the sale agreement signed on 23 February 2011 and taking into account the estimated effect of completion adjustments and expected transaction costs. AASB 5 does not permit comparative figures in the Statement of Financial Position to be re-presented.

Share Buy-back

On 26 August 2010, the Company announced a further 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 4,354,167 ordinary shares to 9,192,129 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 2010.

The Consolidated Entity, through Signature Security Group, had bank borrowings with a balance of $80.2 million 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.

The senior debt and amounts drawn under the acquisition facility ($55.2 million gross) are due for repayment by 13 July 2011. The mezzanine debt ($25.0 million gross) is due for repayment 6 months after the senior debt is repaid. The borrowings will be repaid in full as part of the requirements for completion of the sale of Signature Security Group under the sale agreement signed on 23 February 2011. However, discussions are continuing with Signature's lenders about a refinancing of the facilities should completion of the sale transaction not occur. The directors believe that there is a low probability of the sale not completing or refinancing, if required, not being achieved by 30 June 2011. However, until the sale process is completed or any required refinancing is in place, it is a matter of fact, regardless of views, that there will be uncertainty about Signature's ability to continue as a going concern beyond 13 July 2011. The directors are of the view that it is appropriate for the financial report to be prepared on a going concern basis as set out in Note 1(g) of the financial statements.

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

No final dividend for 2009/2010 was proposed or declared.

No interim dividend has been proposed or declared for the period ended 31 December 2010.

A dividend reinvestment plan has not been activated.

Events subsequent to reporting date

Sale of Investment in Signature Security Group

On 23 February 2011, the Consolidated Entity announced that, along with minority shareholders, it had signed a conditional agreement for the sale of its shareholding in the Signature Security Group to a subsidiary of Tyco International Limited. The investment has been sold for $171.0 million plus the cash balance in the business and net of working capital adjustments required to be made at completion. The contract value has been used to support the carrying amount of the investment at 31 December 2010. The Consolidated Entity's share of the final net proceeds, after Signature repays its external debt facilities and after transaction costs, is expected to result in a realisation equivalent to the net accounting carrying value of the investment. Completion of the sale is subject to the outcome of market soundings being conducted by the Australian Competition and Consumer Commission and a number of third party consents. An amount of $10.0 million will be held in escrow with $5.0 million to be released after 6 months and the balance to be released after 2 years, subject in both cases, to any outstanding warranty claims. The escrow account does not limit the liability of the Consolidated Entity under the agreement for sale. Consideration will be given from time to time to any required retention of cash to meet any possible claims. At the date of this report, the Consolidated Entity is not aware of any warranty claims.

The Consolidated Entity holds an investment in iSOFT Group Limited (ASX: ISF) which is held through a combination of listed shares, unlisted convertible notes and warrants. The carrying value of the investment at 31 December 2010 has been determined based on assessed fair values of the shares, convertible notes and warrants at that date. iSOFT has made public statements that it is conducting a review of its capital structure and that a number of alternatives may be considered. As at the date of this report, the outcome of that review has not been announced by iSOFT. Any further statements made by iSOFT on the capital structure review or other matters affecting the business may impact on the assessed fair value of the investment.

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 address the differential between the Company's share price and the underlying value of the Company's net assets. The program included 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

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.

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.

The timing of the Extraordinary General Meeting, if required to be held, will be determined once there is greater certainty around the completion of the sale of Signature Security Group and the iSOFT strategic review process.

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 2010.

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 2011

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 2010 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 2011

Oceania Capital Partners Limited
Consolidated Income Statement
for the half-year ended 31 December 2010

	Note	31 December 2010 $'000	31 December 2009 Re-presented $'000
Continuing Operations:			
Interest income		693	1,097
Dividends received		-	3,206
Total revenue		693	4,303
Increase in fair value of financial assets		-	36,682
Share of profit of jointly controlled entities	6	2,341	3,014
Profit attributable to sale of financial assets		-	1,906
Other operating income		5	132
Total operating income		3,039	46,037
Impairment of financial assets to fair value		(25,494)	-
Due diligence and transaction costs		(452)	(739)
Employee benefits expense		(846)	(558)
Other operating expenses		(1,329)	(1,349)
Total profit (loss) before financing costs, tax, depreciation and amortisation		(25,082)	43,391
Depreciation		(18)	(10)
Amortisation		-	-
Total profit (loss) before financing costs and tax		(25,100)	43,381
Financing costs		-	-
Profit (loss) before income tax		(25,100)	43,381
Income tax benefit (expense)		(80)	(770)
Profit (loss) from continuing operations		(25,180)	42,611
Discontinued Operations:			
Profit (loss) from discontinued operations (classified as held for sale) net of income tax	15	2,017	1,613
Profit (loss) for the period		(23,163)	44,224
Attributable to:			
Equity holders of the parent entity		(23,255)	44,170
Non-controlling interests		92	54
Profit (loss) for the period		(23,163)	44,224
Total:		**Cents**	**Cents**
Basic earnings (loss) per share attributable to ordinary equity holders		(25.30)	48.05
Diluted earnings (loss) per share attributable to ordinary equity holders		(25.30)	48.05
Continuing operations:			
Basic earnings (loss) per share attributable to ordinary equity holders		(27.39)	46.36
Diluted earnings (loss) per share attributable to ordinary equity holders		(27.39)	46.36

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

	Note	31 December 2010 $'000	31 December 2009 Re-presented $'000
Profit (loss) for the period		(23,163)	44,224
Other Comprehensive Income			
Net change in fair value of cash flow hedges	10	621	1,469
Net change in fair value of available-for-sale financial assets		-	3,637
Share of reserves of jointly controlled entities	10	(686)	(5)
Foreign currency translation differences	10	(312)	(58)
Income tax on other comprehensive income	10	(185)	(1,534)
Other comprehensive income for the period, net of income tax		(562)	3,509
Total comprehensive income for the period		(23,725)	47,733
Attributable to:			
Equity holders of the parent entity		(23,817)	47,647
Non-controlling interests		92	86
Total comprehensive income for the period		(23,725)	47,733

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

	Note	31 December 2010 $'000	30 June 2010 $'000
Current assets			
Cash and cash equivalents	3	27,363	33,421
Receivables	4	814	9,138
Inventories		-	1,636
Current tax assets		903	244
Assets classified as held for sale	15	175,359	-
Total current assets		204,439	44,439
Non-current assets			
Other financial assets	5	40,332	65,862
Investments accounted for using the equity method	6	50,107	48,452
Property, plant and equipment		57	18,743
Deferred tax assets		203	819
Intangible assets	7	-	144,546
Total non-current assets		90,699	278,422
Total assets		295,138	322,861
Current liabilities			
Creditors and payables		381	6,724
Derivative financial instruments		-	1,390
Deferred income		-	1,119
Interest-bearing loans and borrowings	8	-	5,519
Employee entitlements		117	2,690
Provisions		262	-
Liabilities associated with assets held for sale	15	92,545	-
Total current liabilities		93,305	17,442
Non-current liabilities			
Deferred income		-	274
Interest-bearing loans and borrowings	8	-	78,510
Employee entitlements		-	1,077
Total non-current liabilities		-	79,861
Total liabilities		93,305	97,303
Net assets		201,833	225,558
Equity			
Issued capital	9	398,640	398,640
Reserves	10	21,981	22,543
Retained earnings (accumulated losses)	11	(222,352)	(199,097)
Total equity attributable to equity holders of the parent entity		198,269	222,086
Non-controlling interests		3,564	3,472
Total equity		201,833	225,558

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

	Attributable to owners of Oceania Capital Partners Limited								
Consolidated	**Contributed equity $'000**	**Equity 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 (accum-ulated losses) $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total Equity $'000**
Balance at 1 July 2010	398,640	25,690	(973)	(1,675)	(499)	(199,097)	222,086	3,472	225,558
Profit (loss) for the period	-	-	-	-	-	(23,255)	(23,255)	92	(23,163)
Other comprehensive income for the period, net of tax	-	-	435	(517)	(480)	-	(562)	-	(562)
	398,640	25,690	(538)	(2,192)	(979)	(222,352)	198,269	3,564	201,833
Transactions with owners in their capacity as owners:									
Dividends provided for or paid	-	-	-	-	-	-	-	-	-
Movement in non-controlling interests	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Balance at 31 December 2010	398,640	25,690	(538)	(2,192)	(979)	(222,352)	198,269	3,564	201,833

The above Consolidated Statement of Changes in Equity 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
Restatement for change in accounting policy	-	-	-	-	-	682	(96,978)	(96,296)	-	(96,296)
Restated balance at 1 July 2009	**426,216**	**25,690**	**-**	**(2,232)**	**(1,718)**	**(1,000)**	**(77,217)**	**369,739**	**2,258**	**371,997**
Profit for the period	-	-	-	-	-	-	44,170	44,170	54	44,224
Other comprehensive income for the period, net of tax	-	-	2,547	1,028	(62)	(4)	-	3,509	-	3,509
	426,216	**25,690**	**2,547**	**(1,204)**	**(1,780)**	**(1,004)**	**(33,047)**	**417,418**	**2,312**	**419,730**
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)	(1,004)	(38,562)	411,903	3,337	415,240

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

	Note	31 December 2010 $'000	31 December 2009 $'000
Cash flows from operating activities			
Receipts from customers		45,334	43,215
Payments to suppliers and employees		(33,174)	(30,507)
Interest received		855	884
Dividends received		-	578
Other operating income		-	132
Income taxes paid (refunded)		(35)	(276)
Net cash from operating activities		12,980	14,026
Cash flows from investing activities			
Fees and interest received from associates		-	3,088
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		(3,887)	(4,189)
Proceeds from sale of property, plant and equipment		9	-
Payments for due-diligence and other transaction costs		(1,136)	(680)
Payments for dealer line acquisitions		(1,982)	(4,445)
Net cash from investing activities		(6,996)	6,170
Cash flows from financing activities			
Return of capital to shareholders		-	(59,749)
Repayment of borrowings		(3,493)	(3,635)
Payment of dividends		-	(5,515)
Interest paid		(4,051)	(4,174)
Proceeds from issue of shares to non-controlling interests		-	226
Net cash from financing activities		(7,544)	(72,847)
Net increase in cash and cash equivalents		(1,560)	(52,651)
Cash and cash equivalents at 1 July		33,421	100,781
Effect of exchange rate fluctuations on cash and cash equivalents		(75)	(1)
Cash and cash equivalents at 31 December		31,786	48,129
Cash and cash equivalents are allocated to:			
Continuing operations	3	27,363	48,129
Assets held for sale	15	4,423	-
		31,786	48,129

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 2010 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.

Oceania Capital Partners Limited is a limited liability company incorporated and domiciled in Australia.

The half-year financial report was approved by the Board of Directors on 25 February 2011.

(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 2010 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.

Comparative results presented in the Income Statement and the Statement of Comprehensive Income for the period ended 31 December 2009 have been re-presented to reflect the early adoption of AASB 9 *Financial Instruments* with effect from the 2010 financial year and the classification of Signature Security Group as an asset held for sale in compliance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Refer (e) and (f) below.

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 2010 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. Details of standards and interpretations that have not been early adopted and that are potentially relevant to financial disclosures and information of the Consolidated Entity are provided below.

Title	Description	Operative Date	Note
AASB 124	Related Party Disclosures	1 January 2011	A
AASB 2009-12	Amendments to Australian Accounting Standards	1 January 2011	B
AASB 2010-4	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project	1 January 2011	B
AASB 2010-5	Amendments to Australian Accounting Standards	1 January 2011	A
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on transfers of financial assets (amendments to AASB 7)	1 July 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 financial assets at fair value through profit and loss (Note 5), equity accounted investments (Note 6) and assets classified as held for sale (Note 15).

(e) Change of accounting policy

The Consolidated Entity 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 applied 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. Movements in fair value during the reporting period are shown in the Income Statement. The Income Statement for the comparative period, being the six months to 31 December 2009, has been re-presented to reflect the change to the fair value method of accounting as required by the accounting standard. The main impacts were:

- 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.

Trans Tasman Collections Holdings Pty Limited (Baycorp), a jointly controlled entity that continues to be accounted for using the equity method, also early adopted AASB 9 for the 2010 financial year so that no adjustment to the equity accounted results of Baycorp was required to bring the Baycorp results into line with the accounting policies of the Consolidated Entity. The comparative period equity accounted contribution has been increased by $0.6 million to reflect the impact of adopting AASB 9.

Signature Security Group did not have any financial assets to which AASB 9 applied at 31 December 2010 or during the reporting period.

(f) Investments classified as held for sale

The investment in Signature Security Group has been classified and reported as an asset held for sale at 31 December 2010 in accordance with the requirements of *AASB 5 Non-Current Assets Held for Sale and Discontinued Operations* as at that date the Consolidated Entity was committed to selling its investment. The main impacts on disclosure required by AASB 5 are:

- Signature's net profit after tax for the period is reported as a single line item in the Income Statement rather than consolidated on a line-by-line basis. The result for the comparative period has been re-presented so as to be reported on the same basis.
- The Total Assets and Total Liabilities of Signature have been presented on single lines in the Current Assets and Current Liabilities sections of the Statement of Financial Position respectively. Comparative figures are not permitted to be re-presented.

The assets and liabilities of Signature have been recorded at the lower of carrying value and fair value less costs to sell. No impairment loss to adjust the carrying value to fair value less costs to sell was required to the Signature net assets. Refer Note 15.

(g) Preparation of financial statements on a going concern basis

The Consolidated Financial Statements have been prepared on the going concern basis. Regard has been had to the status of the debt facilities of the Signature Security Group in determining that the going concern basis is appropriate.

The Consolidated Entity, through Signature Security Group, had bank borrowings at 31 December 2011 with a balance of $80.2 million 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.

The senior debt and amounts drawn under the acquisition facility ($55.2 million gross) are due for repayment by 13 July 2011. The mezzanine debt ($25.0 million gross) is due for repayment 6 months after the senior debt is repaid. The borrowings will be repaid in full as part of the requirements for completion of the sale of Signature Security Group under the sale agreement signed on 23 February 2011. However, discussions are continuing with Signature's lenders about a refinancing of the facilities should completion of the sale transaction not occur. The directors believe that there is a low probability of the sale not completing or refinancing, if required, not being achieved by 30 June 2011. However, until the sale process is completed or any required refinancing is in place, it is a matter of fact, regardless of views, that there will be uncertainty about Signature's ability to continue as a going concern beyond 13 July 2011. Having regard to these circumstances, the Consolidated Entity considers it appropriate for the financial statements to be prepared on a going concern basis.

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 during the reporting period and at 31 December 2010 were:

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

The Security segment is classified as a business operation held for sale at 31 December 2010. Refer Note 15.

Segment information for the comparative period to 31 December 2009 has been re-presented to reflect the impact of adopting AASB 9 with effect from the 2010 financial year.

Segment information is disclosed in a manner that reflects the 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 (held for sale) $'000	Total $'000
31 December 2010				
External revenues				
Business segment revenue	-	27,780	39,354	67,134
Inter-segment revenue	-	-	-	-
Business segment EBITDA	-	6,146	13,924	20,070
Business segment EBIT	-	8,859	7,654	16,513
31 December 2009 (re-presented)				
External revenues				
Business segment revenue	3,088	27,512	38,728	69,328
Inter-segment revenue	-	-	-	-
Business segment EBITDA	-	8,370	13,665	22,035
Business segment EBIT	-	10,225	7,307	17,532

(b) Consolidated entity basis

	Healthcare Technology $'000	Financial Services $'000	Security (held for sale) $'000	Other $'000	Total $'000
31 December 2010					
External revenues					
Reported revenues	-	2,341	-	-	2,341
Other income	-	-	-	698	698
Total reported operating income	-	2,341	-	698	3,039
Interest income	-	-	-	693	693
Financing costs	-	-	-	-	-
Depreciation and amortisation	-	-	-	(18)	(18)
Profit before financing costs and tax					
Share of profit of jointly controlled enities	-	2,341	-	-	2,341
Other reportable segment profit before financing costs and tax	-	-	-	(27,441)	(27,441)
Total reported profit (loss) before financing costs, tax and assets held for sale	-	2,341	-	(27,441)	(25,100)
Financing costs	-	-	-	-	-
Income tax expense	-	-	-	(80)	(80)
Profit (loss) from discontinued operations (classified as held for sale) net of income tax	-	-	2,017	-	2,017
Profit (loss) for the period	-	2,341	2,017	(27,521)	(23,163)

	Healthcare Technology $'000	Financial Services $'000	Security (re-presented) $'000	Other $'000	Total $'000
31 December 2009					
External revenues					
Reported revenues	-	3,014	-	1,215	4,229
Inter-segment revenues	-	-	-	-	-
Other income	3,088	-	-	38,720	41,808
Total reported operating income	3,088	3,014	-	39,935	46,037
Interest income	460	-	-	637	1,097
Financing costs	-	-	-	-	-
Depreciation and amortisation	-	-	-	(10)	(10)
Profit before financing costs and tax					
Share of profit of jointly controlled entities	-	3,014	-	-	3,014
Other reportable segment profit before financing costs and tax	3,088	-	-	37,279	40,367
Total reported profit before financing costs and tax	3,088	3,014	-	37,279	43,381
Financing costs	-	-	-	-	-
Income tax expense	-	-	-	(770)	(770)
Profit (loss) from discontinued operations (classified as held for sale) net of income tax	-	-	1,613	-	1,613
Profit for the period	3,088	3,014	1,613	36,509	44,224

(c) Reconciliations

	31 December 2010 $'000	31 December 2009 Re-presented $'000
Business segment revenue	67,134	69,328
Less: Financial Services and security revenue	(67,134)	(66,240)
Plus: Share of profit of jointly controlled entities	2,341	3,014
Plus: Other revenue and income	698	39,935
Total reported operating income	3,039	46,037
Business segment EBIT	16,513	17,532
Less: Financial Services and Security EBIT	(16,513)	(17,532)
Plus: Share of profit of jointly controlled entities	2,341	3,014
Plus: Other profit (loss) before financing costs and tax	(27,441)	40,367
Total reported profit before financing costs, tax and discontinued operations	(25,100)	43,381

The assets of the Consolidated Entity reduced in the period from 1 July 2010 to 31 December 2010 mainly as a result of the decrease of $25.5 million in the fair value of the investment in iSOFT Group Limited (Healthcare Technology segment).

3. Cash and cash equivalents

	31 December 2010 $'000	30 June 2010 $'000
Cash at bank and on hand	674	6,374
Deposits at call	13,784	14,454
Term deposits	12,905	12,593
	27,363	33,421

4. Receivables

	31 December 2010 $'000	30 June 2010 $'000
Interest receivable	88	89
Trade receivables	-	7,950
Provision for doubtful debts	-	(1,128)
Other receivables	569	1,463
Prepayments	157	764
	814	9,138

The receivables of Signature Security Group are reported as assets held for sale at 31 December 2010. Refer Note 15.

5. Other financial assets – non-current

	31 December 2010 $'000	30 June 2010 $'000
Other financial assets at fair value through profit and loss	40,332	65,862
Non-Current	40,332	65,862

The Consolidated Entity holds shares, convertible notes and warrants in iSOFT Group Limited, an ASX listed company. The shares, convertible notes and warrants are accounted for using the fair value method. Movements in fair value during the reporting period are recognised directly through the income statement.

At 31 December 2010, the Consolidated Entity's shareholding represented 24.6% of iSOFT's issued shares (30 June 2010 – 25.9%). The reduction reflects the impact of share issues by iSOFT Group Limited during the period.

6. Investments accounted for using the equity method

The Consolidated Entity accounts for investments in jointly controlled entities using the equity method. Investments are in companies incorporated in Australia unless otherwise specified.

		Economic ownership interest	
Name of entity	**Principal activity**	**31 December 2010 %**	**30 June 2010 %**
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 jointly controlled entities at balance date are:

Name of entity	Contribution to net profit 31 December 2010 $'000	Contribution to net profit 31 December 2009 $'000	Equity accounted carrying amount 31 December 2010 $'000	Equity accounted carrying amount 30 June 2010 $'000
Trans Tasman Collections Holdings Pty Ltd	2,341	3,014	50,107	48,452
	2,341	3,014	50,107	48,452

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

	31 December 2010 $'000	30 June 2010 $'000
Carrying amount at the beginning of the financial period	48,452	337,419
Redesignation of iSOFT Group Limited to Other financial assets	-	(293,096)
Share of net equity accounted profits after tax	2,341	4,505
Share of post acquisition movements in reserves	(686)	(376)
Carrying amount at the end of financial period	50,107	48,452

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 10.5% to 11.5%
- utilising exchanges rates against the Australian dollar as at 31 December 2010; and
- terminal year revenue growth rates of approximately 3.0%.

7. Intangible assets

The intangible assets of the Consolidated Entity relate to the investment in Signature Security Group. At 31 December 2010, the intangible assets are included in the Signature Security Group assets classified as held for sale. Refer Note 15. The comparative figures as at 30 June 2010 have not been re-presented and are shown below.

	Goodwill $'000	Monitoring contracts $'000	Total $'000
Opening balance at 1 July 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 30 June 2010			
Cost of originated intangible costs	-	8,358	8,358
Amortisation	-	(5,660)	(5,660)
Effect of movements in foreign exchange	-	162	162
	-	2,860	2,860
Balance at 30 June 2010			
Cost	116,230	57,270	173,500
Accumulated amortisation and impairment	-	(28,954)	(28,954)
Net carrying amount	116,230	28,316	144,546

8. Interest bearing loans and borrowings

The interest-bearing loans and borrowings of the Consolidated Entity represent debt facilities of Signature Security Group. At 31 December 2010, the interest-bearing loans and borrowings are included in the Signature Security Group liabilities associated with assets classified as held for sale. Refer Note 15. The comparative figures as at 30 June 2010 have not been re-presented and are shown below.

	30 June 2010 $'000
Senior secured borrowings	5,519
Current	5,519
Senior secured borrowings	53,698
Subordinated secured borrowings	24,812
Non-current	78,510

9. Issued capital

	31 December 2010 Shares	30 June 2010 Shares	31 December 2010 $'000	30 June 2010 $'000
Ordinary shares fully paid	91,921,295	91,921,295	398,640	426,216
Return of capital to eligible shareholders	-	-	-	(27,576)
	91,921,295	91,921,295	398,640	398,640

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 2010, the Company announced a further 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 4,354,167 ordinary shares to 9,192,129 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.

10. Reserves

	31 December 2010	30 June 2010
Equity reserve	**$'000**	**$'000**
Opening balance 1 July	25,690	25,690
Total equity reserve	25,690	25,690
Cash flow hedging reserve		
Opening balance 1 July	(973)	(2,232)
Net gain/(loss) from changes in fair value on effective portion of cash flow hedges	621	1,798
Tax effect of net gain/(loss)	(186)	(539)
Total cash flow hedging reserve	(538)	(973)
Foreign currency translation reserve		
Opening balance 1 July	(1,675)	(1,718)
Currency translation differences arising during the year	(312)	43
Tax effect of net (loss)	(205)	-
Total foreign currency translation reserve	(2,192)	(1,675)
Share of reserves of interests in jointly controlled entities using the equity method		
Opening balance 1 July	(499)	(1,682)
Transfer to opening retained earnings following change in accounting policy	-	974
Tax effect of net gain (loss) transferred	-	(292)
Share of reserves during the period	(686)	715
Tax effect of net gain (loss)	206	(214)
Total share of reserves of interests in jointly controlled entities using the equity method	(979)	(499)
Total reserves	21,981	22,543

11. Retained earnings (accumulated losses)

	31 December 2010 $'000	30 June 2010 $'000
Opening balance	(199,097)	19,761
Adjustment for change in accounting policy	-	(96,978)
Restated opening balance at 1 July	(199,097)	(77,217)
Net profit (loss) for the period	(23,255)	(116,365)
Dividends paid	-	(5,515)
	(222,352)	(199,097)

12. Dividends

	31 December 2010 $'000	30 June 2010 $'000
Dividends paid		
Dividends provided for or paid during the period	-	5,515
Dividends proposed		
Dividends not recognised at the end of the period	-	-

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 2010 $'000	30 June 2010 $'000
Within one year	4,098	3,853
Later than one year but not later than five years	8,054	6,868
Later than five years	428	452
	12,580	11,173

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 $6.7 million (30 June 2010: $4.1 million) relating to lease commitments of the Signature Security Group and amounts totalling $5.8 million (30 June 2010: $6.9 million) relating to lease commitments of jointly controlled entities.

(b) Other commitments

The Company has committed 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 2010 - $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 2010.

15. Operations classified as held for sale

Signature Security Group

The assets and liabilities of Signature Security Group are presented as held for sale following a commitment to sell the investment being taken and the relevant criteria in AASB 5 *Non-Current Assets held for Sale and Discontinued Operations* being met at 31 December 2010.

	31 December 2010 $'000
Assets classified as held for sale:	
Cash	4,423
Receivables	6,479
Inventories	1,747
Property, plant and equipment	18,367
Intangible assets	143,370
Other assets	973
	175,359
Liabilities classified as held for sale	
Creditors and payables	4,635
Derivative financial investments	768
Deferred income	1,543
Interest-bearing loans and borrowings	80,155
Employee entitlements	3,659
Other liabilities	1,785
	92,545

On 23 February 2011, the Consolidated Entity announced that, along with minority shareholders, it had signed a conditional agreement for the sale of its shareholding in the Signature Security Group to a subsidiary of Tyco International Limited. The investment has been sold for $171.0 million plus the cash balance in the business and net of working capital adjustments required to be made at completion. The contract value has been used to support the carrying amount of the investment at 31 December

2010. The Consolidated Entity's share of the final net proceeds, after Signature repays its external debt facilities and after transaction costs, is expected to result in a realisation equivalent to the net accounting carrying value of the investment. Completion of the sale is subject to the outcome of market soundings being conducted by the Australian Competition and Consumer Commission and a number of third party consents. An amount of $10.0 million will be held in escrow with $5.0 million to be released after 6 months and the balance to be released after 2 years, subject in both cases, to any outstanding warranty claims. The escrow account does not limit the liability of the Consolidated Entity under the agreement for sale. Consideration will be given from time to time to any required retention of cash to meet any possible claims. At the date of this report, the Consolidated Entity is not aware of any warranty claims.

The senior debt and amounts drawn under the acquisition facility ($55.2 million gross) are due for repayment by 13 July 2011. The mezzanine debt ($25.0 million gross) is due for repayment 6 months after the senior debt is repaid. The borrowings will be repaid in full as part of the requirements for completion of the sale of Signature Security Group under the sale agreement signed on 23 February 2011. However, discussions are continuing with Signature's lenders about a refinancing of the facilities should completion of the sale transaction not occur. The directors believe that there is a low probability of the sale not completing or refinancing, if required, not being achieved by 30 June 2011. However, until the sale process is completed or any required refinancing is in place, it is a matter of fact, regardless of views, that there will be uncertainty about Signature's ability to continue as a going concern beyond 13 July 2011. The directors are of the view that it is appropriate for the financial report to be prepared on a going concern basis as set out in Note 1(g) of the financial statements.

	31 December 2010 $'000	31 December 2009 $'000
Results of operations classified as held for sale		
Revenue	39,354	38,728
Expenses	(36,824)	(35,709)
Results from operating activities	2,530	3,019
Income tax	(513)	(1,406)
Profit (loss) for the period	2,017	1,613
Attributable to:		
- Equity holders of the parent entity	1,925	1,559
- Non-controlling interests	92	54
	2,017	1,613
	Cents	**Cents**
Basic earnings per share attributable to ordinary equity holders	2.09	1.70
Diluted earnings per share attributable to ordinary equity holders	2.09	1.70

	31 December 2010 $'000	31 December 2009 $'000
Cash flows from (used in) operations classified as held for sale		
Net cash from (used in) operating activities	14,018	14,623
Net cash from (used in) investing activities	(6,555)	(8,563)
Net cash from (used in) financing activities	(7,545)	(4,309)
Net cash from (used in) operations classified as held for sale	(82)	1,751

16. Events subsequent to balance date

Sale of Investment in Signature Security Group

On 23 February 2011, the Consolidated Entity announced that, along with minority shareholders, it had signed a conditional agreement for the sale of its shareholding in the Signature Security Group to a subsidiary of Tyco International Limited. The investment has been sold for $171.0 million plus the cash balance in the business and net of working capital adjustments required to be made at completion. The contract value has been used to support the carrying amount of the investment at 31 December 2010. The Consolidated Entity's share of the final net proceeds, after Signature repays its external debt facilities and after transaction costs, is expected to result in a realisation equivalent to the net accounting carrying value of the investment. Completion of the sale is subject to the outcome of market soundings being conducted by the Australian Competition and Consumer Commission and a number of third party consents. An amount of $10.0 million will be held in escrow with $5.0 million to be released after 6 months and the balance to be released after 2 years, subject in both cases, to any outstanding warranty claims. The escrow account does not limit the liability of the Consolidated Entity under the agreement for sale. Consideration will be given from time to time to any required retention of cash to meet any possible claims. At the date of this report, the Consolidated Entity is not aware of any warranty claims.

The Consolidated Entity holds an investment in iSOFT Group Limited (ASX: ISF) which is held through a combination of listed shares, unlisted convertible notes and warrants. The carrying value of the investment at 31 December 2010 has been determined based on assessed fair values of the shares, convertible notes and warrants at that date. iSOFT has made public statements that it is conducting a review of its capital structure and that a number of alternatives may be considered. As at the date of this report, the outcome of that review has not been announced by iSOFT. Any further statements made by iSOFT on the capital structure review or other matters affecting the business may impact on the assessed fair value of the investment.

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 30 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 2010 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 2011.

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 (the Company), which comprises the consolidated statement of financial position as at 31 December 2010, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated entity 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 Consolidated entity's financial position as at 31 December 2010 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.

KPMG

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 Consolidated entity's financial position as at 31 December 2010 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*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(g) and Note 15 to the financial report which highlights that a member of the Consolidated entity, Signature Holding Company Pty Limited, has bank borrowings with a balance of $55.2 million at 31 December 2010, due for repayment by 13 July 2011, and subordinated borrowings of $25 million as at 31 December 2010, due for repayment six months after the senior debt is repaid. As of 23 February 2011, Oceania Capital Partners Limited signed a Share Sale Agreement for the sale of Signature Holding Company Pty Limited which, upon completion will result in the bank and subordinated borrowings being repaid. In the meantime, Signature Holding Company Pty Limited is continuing discussions with its lenders about refinancing its facilities. Until refinancing is achieved, if required, there exists a material uncertainty that may cast doubt on Signature Holding Company Pty Limited's ability to continue as a going concern.

KPMG

KPMG

Brendan Twining
Partner

Sydney

25 February 2011