



OCEANIA CAPITAL  
PARTNERS LIMITED

ANNUAL REPORT

**2013**

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# CHAIRMAN & MANAGING DIRECTOR'S REPORT

*This report is prepared for the 9 month financial year ending 31 March 2013. We changed our year end to 31 March in order to align with the financial year of the Company's major shareholder, Hosken Consolidated Investments Limited ("HCI").*

The 9 months has been a period of significant activity for OCP as we have concluded the acquisition of Sunshine Coast Broadcasters Pty Limited, moved to 19.99% of Keybridge Capital Limited and successfully completed a \$14.8 million rights issue. We were also pleased to have received after the balance date and on schedule the \$5 million escrowed cash associated with the sale of Signature Security in 2011.

The results for the 9 month period covered by this report are adversely affected by a \$4.9 million impairment to the carrying value of our investment in Baycorp. This should be seen in the context of also having received close to \$9 million cash dividends out of Baycorp in the year. As we have mentioned elsewhere, we remain confident in the Baycorp business and the Baycorp management have tangible plans to deliver a rebound in performance.

HCI currently holds 68% of the Company's share capital. This relationship is now over a year old and it is appropriate to make some comments on the relationship between HCI and OCP. HCI nominated two Directors, Michael Jacobson and Brian Scheiner and they are actively involved in our business. Michael and Brian work closely with our own team and the relationship is a growing and strong one.

HCI brings considerable investment experience to the table. It is a large, experienced and successful investor in South Africa. Its current investments cover a wide field, including:

## Gaming and Leisure

- 41% of Tsogo Sun Holdings (operator of hotels and casinos)
- 52% interest in Vukani Gaming
- 52% interest in Galaxy Bingo

## Media and Broadcasting

- 63% of Sabido Investments which is a large pan African media group including:
  - e.tv, South Africa's first and only commercial free to air television station;
  - a 24 hour news station;
  - a pan African entertainment channel; and
  - a radio station

## Transport

- 100% of Golden Arrow Bus Service, operating in Cape Town for over 150 years

## Energy

- 89.7% of Montauk Energy, an alternative energy producer with a focus on energy recovery from landfill and waste processing facilities
- 100% of HCI Coal, an owner and operator of coal mines

## Property

- Various property holdings and development projects
- Owns the Gallagher convention centre

### Services and Technology

- 40% of Business Systems Group, an IT professional services company
- 55% of Syntell, which provides world class technology for road safety, traffic management and revenue collection in South Africa
- 58.9% of Limtech, a leading provider of CCTV, fire detection and suppression, access control and time & attendance solutions, specialising in biometric fingerprint recognition

Being part of the HCI group brings with it access to investment experience and business expertise across a wide range of industries and sectors. HCI has a market capitalisation of approximately AUD1.7 billion.

This is a profile that provides OCP with strength as we continue on our strategy of building this company into a strong Australian based investment vehicle of scale and significance.

The key of course to successfully executing that strategy is the investments we make. As we stand today, we have three investments: 52.55% of Baycorp; 19.99% of Keybridge; and 95% of EON Broadcasting. We have cash at bank for investment of \$23 million and our balance sheet is ungeared. Our immediate objective is to identify additional investments to expand our investment portfolio. We are looking both on the radio and media space for bolt on investments to the EON investment as well as in a variety of other sectors. Our objective is to invest the capital that we have so that it can grow. Some of those investments will be in areas

that may be considered low growth and a proportion may be dedicated to some higher risk, higher return opportunities.

Our vehicle and the openness of its investment mandate is a strength as compared to other financial investors who may also be scouring for opportunities. It is undoubtedly true that we may approach investments from which others may be prevented for mandate reasons. We have the capacity to be long term holders of businesses. We have the flexibility to be fleet of foot, creating and pursuing opportunities that may only be available during a window of opportunity.

After balance date, Geoff Harper, the Chief Executive Officer of Baycorp, advised of his intention to stand aside as CEO after 7 years heading that business. In that period the business has been taken from being a division of a larger listed company into a strong, stand alone business with full corporate functionality to deal with all the challenges thrown out by a highly regulated sector. The Baycorp Board was pleased to be able to provide Geoff's replacement from within the Baycorp ranks, with Grant Jorey, previously Chief Operating Officer, being elevated in to the position of Chief Executive from 1 July 2013.

The OCP team take this opportunity to thank Geoff for his dedication over a long period and to wish Grant all the best in his new role.

We also appreciate the support of our shareholders and the efforts of all management and staff of the businesses in which we invest.



**IAN TSICALAS**

Chairman



**ROBERT MORAN**

Managing Director

# CORPORATE GOVERNANCE STATEMENT

*This statement outlines the main corporate governance practices in place throughout the nine month period ended 31 March 2013 and any changes that have subsequently occurred. These practices comply with the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council, unless otherwise stated. If the Company has not adopted a recommendation or has taken an alternative approach then the reasons for doing this are explained.*

Summaries of the charters, codes and policies of the Company relating to corporate governance practices are available in the Corporate Governance section of our website, [www.oceaniacapital.com.au](http://www.oceaniacapital.com.au)

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board of Directors is elected to represent all shareholders and has the primary responsibility for overseeing the management of the Company's business and affairs.

The duties and responsibilities of the Board and the matters and functions reserved for the Board are set out in the Board Charter and include:

- providing strategic direction, including developing and approving the corporate strategy of the Company and its performance objectives;
- monitoring the performance of the Company, including control and accountability processes and systems required to manage risks;

- reviewing, evaluating and approving investment and divestment recommendations;
- implementing corporate governance practices appropriate to the Company to monitor compliance with key policies, laws and regulations;
- reporting to and communicating with shareholders;
- approving and monitoring capital allocations, capital management and acquisitions and divestments;
- monitoring financial performance, including approval of the annual and half-yearly financial reports; and
- appointing and monitoring the performance of the Company Secretary.

Management is responsible for managing the Company's business and affairs subject to the matters and functions reserved to the Board as set out in the Board Charter.

The Board is also responsible for monitoring and appraising the performance of key executives of the Company. Further detail on the process for evaluating key executives is contained in the Remuneration Report.

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### Board Composition

The following acted as directors of the Company during the period ended 31 March 2013 and as at the date of this report:

DIRECTOR	ROLE	STATUS
Ian Tsicalas	Non-executive Chairman	Independent
Michael Brogan	Non-executive Director	Independent
Michael Jacobson	Non-executive Director	Not Independent
Brian Scheiner	Non-executive Director	Not Independent
Robert Moran	Managing Director	Not independent

Details of the directors' qualifications, experience and other responsibilities are contained in the Directors' Report.

The Chairman is responsible for leading the Board, ensuring that the Board activities are organised and efficiently conducted and for ensuring, together with the Company Secretary, that directors are properly briefed for meetings.

The Company aims to maintain a mix of directors from different backgrounds with complementary skills and experience. The Board Charter has established a process whereby, through the Remuneration and Nomination Committee, the composition and structure of the Board and its Committees is regularly reviewed.

The review aims to achieve the most appropriate mix of skills and experience so as to maximise the effectiveness of the Board and the Board Committees.

### Director Independence

The Board has adopted a definition of director independence generally consistent with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council.

The Board Charter states that an unrelated or independent director is one who is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company. In particular, an independent director:

- is not a member of management;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;

- has not within the last three years been employed in an executive capacity by the Company or another group member or been a director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another group member;
- is not a significant customer of the Company or another group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Whilst the Company agrees with the benefits of having a majority of independent Directors, it is of the view that given the nature and size of the Company the current Board structure best serves the interests of shareholders. The Company believes that the current Board can effectively discharge its responsibilities and duties without burdening shareholders with the additional costs associated with adding further independent directors.

## Board Committees

The Board has established committees to assist in the execution of its duties:

- Audit, Finance and Risk Committee (Refer Principle 4)
- Investment Committee (Refer below)
- Remuneration and Nomination Committee (Refer Principle 8)

Each Board Committee is governed by a Charter, approved by the Board, which sets out the duties and responsibilities of the Committee.

Details of meetings held by each Committee during the past financial period and attendance at those meetings by Committee members are contained in the Directors' Report.

## Investment Committee

Subsequent to 31 March 2013 an investment committee was formed.

The following is a description of the operations of the committee.

The Investment Committee comprises two non-executive directors together with the Managing Director and Chief Financial Officer.

The role of the Investment Committee is to assist the Board on matters relating to the review and management of the Company's investment policies, strategies, transactions and performance.

The Investment Committee is responsible for:

- reviewing Company's investment strategy and making recommendations to the Board from time to time;
- reviewing potential investments by the Company, overseeing the due diligence process in connection with those investments and making recommendations to the Board in connection with those investments;
- making recommendations to the Board in connection with disposal of investments from time to time and to oversee the execution of any investment disposals.

The Investment Committee meets as required. A quorum of 3 Committee members is required to be present for a meeting to proceed. The views of Committee members unable to attend a meeting are sought and conveyed to other Committee members.

Directors have rights of access to required information and are entitled to seek independent professional advice or other advice at the cost of the Company to assist them in performing their duties.

## PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

### Code of Conduct

The Board requires all directors and employees to maintain high moral and ethical standards. The minimum standards to be achieved are set out in the Code of Conduct. The Code of Conduct is not intended to be exhaustive and cannot anticipate every situation which may arise. In this regard, it is expected that common sense and sound judgement will be applied. The four key guidelines contained in the Code of Conduct are:

- to act honestly and fairly in all business transactions and dealings with others;
- treat other employees, contractors, clients, competitors and other persons with utmost courtesy and respect;

- not to compromise a duty to act in the best interests of the Company; and
- to comply with all laws and regulations applicable to the business of the Company.

The Code of Conduct applies to the Board, employees and defined associates. The Code of Conduct requires that at all times the Company acts with the utmost integrity and objectivity and in compliance with the letter and spirit of both the law and the Company's policies. The Code of Conduct governs matters such as conflict of interests, prevention of taking advantage of corporate opportunities of the Company for personal gain, confidentiality, fair dealing and other ethical matters.

The Company has also introduced a:

- Privacy Policy, to protect the privacy of personal information the Company or its entities may be in possession of; and
- Related Party Transaction Policy, the purpose of which is to ensure directors and officers are not involved in situations which could give rise to conflicts of interest and to ensure transactions occur on an arm's length basis.

The Company has processes in place for bringing reportable incidents and matters to the attention of senior management and, ultimately, the Board. This includes any matters involving unethical conduct.

### Diversity Policy

A diversity policy has not been established. The Company assesses potential employees by reference to the candidate's ability to perform the specified role and to conform with the culture and objectives of the group irrespective of their gender, age, ethnicity, religion or cultural background. Accordingly, the Company does not set measurable objectives for achieving gender diversity nor does it measure employees by reference to their gender. The practices relating to the selection and appointment of employees, detailed within this statement, are an efficient means of meeting the needs of the Company, having regard to the relative size of the Company.

Accordingly measurable objectives for achieving gender diversity and progress towards achieving them

have not been disclosed, similarly the proportion of women employees in the whole organisation, women in senior executive positions and women on the board has also not been disclosed.

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### Audit, Finance and Risk Committee (AFRC)

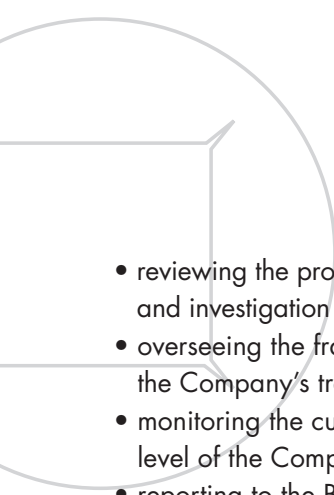
The Board has established an Audit, Finance and Risk Committee (AFRC). The AFRC assists the Board to fulfil its responsibilities of oversight and corporate governance. The AFRC reports to the Board and provides appropriate advice and recommendations on matters relevant to its charter in order to facilitate decision making by the Board on matters of corporate governance, reliability and quality of financial reporting and disclosure.

The AFRC comprises non-executive directors and has an independent director as chairperson.

Details of the qualifications of the members of the Committee and the number of meetings held during the reporting period are contained in the Directors' Report.

The AFRC operates in accordance with a Charter approved by the Board. The main responsibilities of the Committee are:

- reviewing the scope and quality of the external audit;
- reviewing and overseeing the financial reporting process, including accounting policies and financial management;
- reviewing and overseeing the Company's occupational health and safety practices;
- reviewing and overseeing the framework and processes of compliance with laws, exchange listing rules, regulations, standards, best practice guidelines and codes of conduct;
- reviewing, assessing and approving the Company's internal controls and risk management systems;
- recommending to the Board the appointment, removal and remuneration of the external auditor, reviewing the terms of their engagement, the scope and quality of the audit and assessing their performance;
- overseeing the effective operation of the risk management framework;

- 
- reviewing the processes for the prevention, detection and investigation of fraud and irregularities;
  - overseeing the framework for the management of the Company's transactional risks;
  - monitoring the current forecast liquidity and cash level of the Company; and
  - reporting to the Board on matters relevant to the AFRC's roles and responsibilities.

In fulfilling its responsibilities, the AFRC receives regular reports from the external auditor. The Committee meets with the external auditor at least twice a year, or more frequently if necessary.

The Board has approved an Auditor Independence Policy that details processes to be undertaken by the AFRC to be satisfied that independence is maintained by the external auditor.

## PRINCIPLES 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURE AND RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has an External Reporting Policy that documents processes followed for ensuring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information. This includes compliance with ASX Listing Rules and Corporations Act obligations. This policy also encourages timely and effective communication with shareholders.

The Company Secretary has been appointed as the person responsible for communications with the Australian Securities Exchange. This includes responsibility for ensuring compliance with the continuous disclosure requirements contained in the ASX Listing Rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company's website, [www.oceaniacapital.com.au](http://www.oceaniacapital.com.au), provides shareholders with access to:

- reports and presentations, including annual and half yearly reports;
- company announcements and media releases;
- information on businesses that the Company has invested in;

- access to share registry information;
- a summary of corporate governance policies and other information contained in the Corporate Governance Practices and the Policies and Codes of Practice sections of the website; and
- details about directors and executive management.

Notice of shareholder meetings, including proposed resolutions, are provided to shareholders in advance of the meetings, in accordance with legal requirements. Shareholders are encouraged to attend and participate in these meetings.

The external auditor appointed by the Company attends the annual general meeting of shareholders and is available to answer questions about the conduct of the audit of the annual financial report and the preparation and content of the auditor's report.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The understanding and management of risk, particularly preservation of capital, is critical to the Company. The Board has overall responsibility for ensuring that there is a sound system of risk management and internal compliance and control across the business. Documented policies and processes to enable appropriate management of business and investment risk have been adopted. The Audit, Finance and Risk Committee (AFRC) and the Investment Committee have a key role in overseeing these risk management policies and processes.

The charter of the Board is to enhance the investment decision making process, rather than taking a "gatekeeper" approach. The Board is closely involved in the development of transactions so that decisions can be made in a timely fashion. In making investment decisions, the Board has regard to the risk and return parameters of individual transactions.

Management reports to the AFRC on the material business risks of the Company, including the effectiveness of the management of those material business risks.

Entities in which the Company has invested are responsible for their own risk management and internal control processes and reporting. The Company oversees these processes through representation on the Board's of those entities and through active involvement in assisting and overseeing the management of the businesses.

The Company's management also reports to the Board on the effectiveness of managing its financial risks. In particular, the Managing Director and Chief Financial Officer provide the Board with written confirmation that:

- their statement to the Board on the integrity of the Company's financial statements in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control; and
- that the Company's risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

- advising the Board on the assessment of the necessary and desirable competencies of the Board members;
- reviewing Board succession plans;
- evaluating the Board's performance; and
- recommendations for the appointment and removal of directors.

Details of the structure, composition and quantum of the remuneration of directors and senior executives are contained in the Remuneration Report.

Details of meetings of the Committee held during the reporting period are shown in the Directors' Report.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board's policy is that the remuneration for directors and senior executives will be competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board has established a Remuneration and Nomination Committee which meets as required. The Committee operates in accordance with a Charter approved by the Board.

The Remuneration and Nomination Committee consists of three non-executive directors two of which, including the Chairman, are independent.

The Remuneration and Nomination Committee is responsible for:

- advising the Board on remuneration policies and practices generally;
- the remuneration framework for the directors;
- ensuring that the directors are remunerated fairly;
- the remuneration package of senior executives of the Company;

# DIRECTOR'S REPORT

**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 nine month period ended 31 March 2013 and the Independent Auditor's report thereon.**

## DIRECTORS

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

DIRECTORS	APPOINTED
Ian Tsicalas (Chairman)	25 July 2007
Robert Moran (Managing Director)	25 July 2007
Michael Brogan	10 August 2007
Michael Jacobson	1 March 2012
Brian Scheiner	1 March 2012

Details of the experience and qualifications of the Directors in office at the date of this report are:

### **Ian Tsicalas (Chairman)**

*B.A (Syd), B.Com (NSW)*

*Independent non-executive director*

*Member of Audit, Finance and Risk Committee*

*Chairman of Remuneration and Nomination Committee*

Ian Tsicalas has significant operational experience having successfully managed both public and private companies.

Ian was Managing Director of Australian Discount Retail Pty Limited until May 2007. Prior to this Ian was chief executive of The Warehouse Group Australia and a director of The Warehouse Group Limited (from December 2003 to November 2005).

Ian was also previously Managing Director of Howard Smith Limited, a leading Australian public company

and Commander Communications Limited. Ian is a director of STW Communications Group Limited (since 2007) and previously represented the Company's interests by appointment to the board of iSOFT Group Limited (from May 2008 until 29 July 2011).

### **Robert Moran (Managing Director)**

*LLB, B.Ec, MAICD*

*Chairman of Investment Committee*

Robert Moran is Managing Director of the Company. He has been involved as a principal investor for over 13 years at a board and strategic level in a variety of businesses and sectors and taking an active involvement in the underlying businesses. He is experienced in investment banking activities, including financings, capital raisings, mergers and acquisitions and has practiced corporate and commercial law at a senior level.

Robert represents the Company's interests as a director of Baycorp Holdings Limited ("Baycorp") and is a member of the Baycorp Remuneration Committee. He also represents the Company as a director of Keybridge Capital Limited and Sunshine Coast Broadcasters Pty Ltd. Robert previously represented the Company as non-executive Chairman of Signature Security Group (from January 2006 until 29 April 2011) and as a director of iSOFT Group Limited (from November 2008 until 29 July 2011). He was also Chairman of the iSOFT and Signature Remuneration Committees and a member of the Signature Audit Committee.

Robert is also a director of Tag Pacific Limited (since 2002) and AWA Limited (since 2004).

### **Michael Brogan**

*Independent non-executive director*

*Chairman of Audit, Finance and Risk Committee*

*Member of Remuneration and Nomination Committee*

Michael is a former senior executive director of the FirstRand Banking Group. He is the immediate past Chairman of FirstRand International Limited and the RMB Australia Group.

Michael was a senior executive director with Rand Merchant Bank and the FirstRand Banking Group from 1994 to 2005. Prior to joining the FirstRand Group, Michael had eight years international banking experience with Standard Chartered Bank in Hong Kong where he held numerous senior international executive director positions with business development and operational responsibilities ultimately spanning 17 countries. Prior to joining Standard Chartered Bank, Michael spent 14 years as a partner in a firm of chartered accountants in Australia.

Michael has extensive domestic and international business experience in the areas of strategic business development, mergers and acquisitions, corporate governance, audit, compliance and risk management.

Michael is the non-executive Chairman of AWA Limited and Auriferous Mining Limited. He is also Chairman of The Institute for Creative Health, a trustee of the Indochina Starfish Foundation (UK) and a director of the Indochina Starfish Foundation (Australia) Limited.

Michael is a Fellow of The Institute of Chartered Accountants in Australia.

### **Michael Jacobson**

*B.Bus.Sci, CA (SA), CFA*

*Non-executive director*

*Member of Audit, Finance and Risk Committee*

*Member of Investment Committee*

Michael was an executive of Hosken Consolidated Investments Limited Group ("Hosken Group"), a public listed entity incorporated in South Africa and listed on the Johannesburg Stock Exchange.

He joined the Hosken Group in 2003 and served as an executive until he left South Africa in January 2011 to jointly found HCI Australian Operations Pty Ltd (HCI), the Company's majority shareholder. As an executive in the Hosken Group, Michael held directorships in several Hosken subsidiaries, the larger ones being Tsogo Sun Holdings, Mettle and Seardel Investment Corporation. He also served on numerous audit and remuneration committees. Michael also served as Chief Executive Officer of Johnnic Holdings, which was a Johannesburg Stock Exchange listed property and gaming company. Michael is an executive director of HCI.

Michael represents the Company as a director of Baycorp.

### **Brian Scheiner**

*BA, LLB, H DIP Advanced Company Law, H Dip Tax*

*Non-executive director*

*Member of Remuneration and Nomination Committee*

*Member of Investment Committee*

Prior to joining the Hosken Group, Brian had co-founded a successful corporate advisory business. Before that, he spent 10 years at one of the largest law firms in South Africa, where he was a full equity partner, practicing in the corporate and commercial department. He joined the Hosken Group in 2003 and served as an executive until 2007. He and his family then relocated to Australia. Brian re-joined the Hosken Group to jointly found HCI in 2011. Brian is an executive director of HCI.

Brian represents the Company as a director of Sunshine Coast Broadcasters Pty Ltd

## COMPANY SECRETARY

### Lionel Baldwin

CA (SA), B.Comm (Hons)

Member of Investment Committee

Lionel joined the Hosken Group in 2002 where he has held various executive positions in group finance. He has held directorships in several Hosken Group subsidiaries. In January 2011 he left South Africa to jointly found HCI. Lionel is a director of HCI. Lionel performs the role of CFO for the Company and represents the Company as a director of Sunshine Coast Broadcasters Pty Ltd.

## DIRECTOR MEETINGS

The number of Board meetings held, including meetings of Committees of the Board, and the number of meetings attended by each of the directors of the Company during the financial period were:

DIRECTOR	FULL BOARD MEETINGS		AUDIT, FINANCE AND RISK COMMITTEE		REMUNERATION AND NOMINATION COMMITTEE	
	A	B	A	B	A	B
Michael Brogan	8	8	3	3	1	1
Michael Jacobson	8	8	3	3	n/a	n/a
Robert Moran	8	8	n/a	n/a	n/a	n/a
Brian Scheiner	8	8	n/a	n/a	1	1
Ian Tsicalas	8	8	3	3	1	1

A - Number of meetings held during the time the director held office during the period.

B - Number of meetings attended.

## ENVIRONMENTAL REGULATION

The Company and its controlled entities were not subject to any specific environmental regulations during the period.

## OPERATING AND FINANCIAL REVIEW

The principal activity of the Company during 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 in businesses which have characteristics of resilience and will grow over the investment period, enabling a successful, profitable exit for the Company.

Significant changes and events affecting the Consolidated Entity (the Company together with controlled entities) during the period under review and until the date of this report have been:

- With a view to support its investment activities the Company announced a capital raising, in the form of an entitlement offer, on 22 November 2012. Pursuant to the Entitlement Offer the Company raised \$14.8 million.
- The Company has further increased its investment in Keybridge Capital Limited (KBC) and now holds close to 20% of the issued share capital of that company. Effective 2 January 2013 Robert Moran was appointed to the board of KBC as an OCP representative.

- During the period under review Eon Broadcasting Pty Ltd, a 95% held subsidiary of the Consolidated Entity, acquired all of the shares in the capital of Sunshine Coast Broadcasters Pty Ltd (SCB) for an aggregate purchase consideration of \$17.6 million. The effective accounting date of the acquisition is 1 March 2013. SCB operates two commercial FM radio stations on the Sunshine Coast – Sea FM 91.9 and 92.7 Mix FM. Mix FM targets a demographic of 35 plus and plays a mixture of classic and recently released music. Mix FM is number one on the Sunshine Coast for listeners over the age of 35. Sea FM targets an 18-39 demographic and plays predominantly modern and recently released rock music. It commands a cumulative audience of people over the age of 10 greater than any other radio station on the Sunshine Coast.

### Results of operations

The net after tax loss of the Consolidated Entity for the nine month financial period 31 March 2013 was \$3,146,000 (twelve months to 30 June 2012 a loss after tax of \$2,040,000).

The current period result includes:

- Interest income earned on funds held on interest bearing deposit with banking institutions of \$0.7million (2012: \$5.9million). The prior period figure included interest on funds that were later returned to shareholders through a capital return and selected share repurchase.
- The first time consolidation of the results of the operations of SCB – from 1 March 2013.
- A net equity accounted loss contribution of \$2.7million from Baycorp, this amount includes an impairment to the carrying value of the investment in Baycorp of \$4.9million and the equity accounted earnings of Baycorp of \$2.1 million. In the prior period Baycorp contributed a \$4.5 million equity accounted loss, this included the Consolidated Entity's share of impairment to goodwill.

### Financial Position

At 31 March 2013 the Consolidated Entity had net assets of \$82.6 million up from \$70.4 million. This increase is largely as a result of the Company raising \$14.8 million of equity through the issue of 9,629,452 shares following the successful completion of a 3 for 8 entitlement offer.

The acquisition of SCB has seen the recognition of an intangible asset of \$16.3 million in respect of the radio broadcast licences held by SCB.

The carrying value of the Consolidated Entity's investment in Baycorp at 31 March 2013 was \$37 million (June 2012 - \$48.3 million). The reduction in carrying value reflects the receipt of dividends of \$8.9 million from Baycorp and the net equity accounted loss as discussed above.

At balance date the Consolidated Entity had cash at bank of \$17.7 million. A further amount of \$5 million of the cash proceeds from the sale of the investment in Signature Security Group was held in an escrow account at 31 March 2013 and reflected as Other Financial Assets in the statement of financial position. This amount was released from escrow on 3 May 2013.

The Consolidated Entity had no borrowings at 31 March 2013, or 30 June 2012.

### Likely developments and prospects

The Company will continue its policy of seeking to make investments in opportunities as identified by the Board of Directors and to add value to these over time.

Disclosure of specific information regarding likely developments in the activities of the Company and Consolidated Entity and the expected results of those activities is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly this information has not been disclosed in this report.

### DIVIDENDS

No interim dividend for the period ended 31 March 2013 was declared or paid during the period. No final dividend for the period ended 31 March 2013 has been proposed or declared.

### CHANGE OF BALANCE DATE

On 24 August 2012 the Company announced a change in balance date from 30 June to 31 March to synchronise its financial year end with that of its parent company HCI Australian Operations Pty Ltd. This is the first reporting period under the new timetable and relates to the nine month period from 1 July 2012 to 31 March 2013. The comparative figures for the income statement and statement of cash flows for twelve month period from 1 July 2011 to 30 June 2012 are consequently not directly comparable.

## EVENTS SUBSEQUENT TO REPORTING DATE

Other than as disclosed elsewhere in this 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 years.

## DIRECTORS' INTERESTS

Director's relevant interests in the shares of Oceania Capital Partners Limited (OCP) as at the date of this report:

DIRECTORS	FULLY PAID ORDINARY SHARES
Michael Jacobson	788,088
Robert Moran	935,988
Brian Scheiner	771,430

*Michael Jacobson and Brian Scheiner are directors of HCI Australian Operations Pty Ltd (HCI) to this extent they are non beneficially interested in the 23,903,356 shares in OCP that are held by HCI at the date of this report.*

## REMUNERATION REPORT

The Remuneration Report is set out on pages 15 to 19 and forms part of the Directors' Report for the period ended 31 March 2013.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity (except a liability for legal costs) and against all legal costs incurred in defending proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity. The Company has entered into Deeds of Access and Indemnity with each of the Officers.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors and Officers Liability policy which covers all past, present or future

Directors, secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent required by law.

## AUDIT AND NON-AUDIT SERVICES

Details of amounts paid or payable to BDO, the Company's auditor, for audit services are set out in note 28 to the financial statements. BDO did not provide any non-audit services to the Consolidated Entity during the period under review.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the period ended 31 March 2013.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

## 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 16th day of May 2013

# REMUNERATION REPORT

*This Remuneration Report, which forms part of the Directors' Report and is audited, sets out information about the remuneration of the Consolidated Entity's key management personnel for the nine months ended 31 March 2013.*

1. Principles used to determine the nature and amount of remuneration
2. Key management personnel
3. Business performance
4. Details of key management personnel remuneration

## 1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Consolidated Entity's remuneration policies are designed to align the remuneration of executives with the interests of OCP shareholders.

The OCP Remuneration and Nomination Committee, consisting of non-executive directors, advises the Board on remuneration policies and practices generally and makes specific recommendations on remuneration packages and other terms of employment for all key management personnel of the Company. The remuneration arrangements of key management personnel employed by investee entities that are members of the Consolidated Entity are governed by the Remuneration Committee of the relevant member entity. The remuneration policies applied by remuneration committees of those entities are consistent with those of the Company, except as maybe required to satisfy the business needs of those entities.

Executive remuneration and other terms of employment are reviewed annually by the relevant remuneration committee, having regard to the performance goals

set at the start of the year, results of the annual appraisal process, relevant comparative information, and, if necessary, independent expert advice on market compensation levels. As well as a base salary, remuneration packages may include superannuation, retention arrangements, termination entitlements, performance related bonuses, long term incentive arrangements and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Consolidated Entity's operations and achieving the Company's strategic objectives.

Payment of any performance related bonuses is linked to the achievement of individual objectives which are relevant to meeting the Consolidated Entity's overall goals. In establishing the level of any performance related bonus for an employee, the relevant remuneration committee considers the results of a formal annual performance appraisal process.

Remuneration and other terms of employment for executives are formalised in service agreements or letters of employment. Participation in long term incentive plans are separately documented in accordance with applicable plan rules.

### Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to non-financial employee benefits) as well as employer contributions to superannuation funds.

### Performance linked remuneration

Performance linked remuneration is designed to reward key management personnel for meeting or exceeding key performance objectives, comprising both corporate and personal objectives. Performance linked remuneration may be settled by cash bonuses and/or participation by eligible employees in long term incentive plans as discussed in the following sections.

### Non-executive director's remuneration

Fees and payments to non-executive directors of the Company reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. Remuneration of non-executive directors of the Company is determined by the Board within the maximum amount approved by shareholders from time to time. The maximum amount currently stands at \$600,000 per annum in aggregate for all non-executive directors of the Company.

During the period under review the level of remuneration of non-executive directors (inclusive of superannuation) was set as follows:

- Independent Chairman - \$130,000 per annum
- Other non-executive directors - \$100,000 per annum

These amounts included fees for membership of Board Committees. It is the company's policy to increase these fees in line with the relevant Australian Consumer Price Index.

Subsequent to 31 March 2013 non-executives directors Michael Jacobson and Brian Scheiner became entitled to additional fees relating to their membership of the Investment Committee.

The Company's Constitution also allows the Company to remunerate the non-executive directors for any additional or special duties undertaken at the request of the Board. No other fees for additional or special duties were paid or payable for the 2013 and 2012 financial periods.

Directors' fees are paid in cash. Performance related bonuses are not payable to non-executive directors.

## 2. KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the Consolidated Entity during the financial period under review were:

### Non-executive directors

Ian Tsicalas - Chairman  
Michael Brogan  
Michael Jacobson  
Brian Scheiner

### Executive director

Robert Moran – Managing Director

### Other senior executive

Lionel Baldwin - Company Secretary  
and Chief Financial Officer

### 3. BUSINESS PERFORMANCE

The tables below set out summary of the Consolidated Entity's earnings business performance as measured by a range of financial indicators for the last five financial periods to 31 March 2013. For further discussion on financial performance, refer to the Chairman and Managing Director's Report and Operating and Financial Review in the Directors Report.

	31 March 2013 * \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2009 \$'000
(Loss) Profit before net financing cost/income, income tax depreciation and amortisation (from continuing operations)	(3,074)	(3,740)	1,383	(122,848)	39,927
(Loss) Profit attributable to shareholders of Oceania Capital partners Limited	(3,146)	(2,022)	18,196	(116,365)	12,946
Basic earnings per share (cps)	(10.86)	(3.04)	19.80	(126.59)	13.37
Share price at period end (cps)	180	162	213	151	164
Capital returned per share (cps)	-	30	-	30	65

\* nine month period ending 31 March 2013

### 4. DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the nature and amount of remuneration of each director of the Company receiving remuneration from OCP and each of the following named Company and relevant group executives who receive the highest remuneration are:

(a) For the nine month period ended 31 March 2013						
SHORT-TERM	POST EMPLOYMENT		OTHER LONG TERM		TOTAL	PROPORTION OF REMUNERATION PERFORMANCE RELATED
CASH SALARY FEES AND COMPENSATED ABSENCES	SUPER ANNUATION	TERMINATION AND RESTRAINT BENEFITS	LONG SERVICE LEAVE	RETENTION ARRANGEMENTS		
\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>						
Michael Brogan	68,807	6,193	-	-	75,000	-
Michael Jacobson	68,807	6,193	-	-	75,000	-
Brian Scheiner	68,807	6,193	-	-	75,000	-
Ian Tsicalas	89,450	8,050	-	-	97,500	-
<b>Executive director</b>						
Robert Moran	319,702	17,798	-	6,568	344,068	-
<b>Other executive</b>						
Lionel Baldwin	160,668	11,832	-	2,563	175,063	-
<b>776,241</b>	<b>56,259</b>	<b>-</b>	<b>9,131</b>	<b>-</b>	<b>841,631</b>	

## (b) For the year ended 30 June 2012

	SHORT-TERM	POST EMPLOYMENT		OTHER LONG TERM			
	CASH SALARY FEES AND COMPENSATED ABSENCES	SUPER ANNUATION	TERMINATION AND RESTRAINT BENEFITS	LONG SERVICE LEAVE	RETENTION ARRANGEMENTS	TOTAL	PROPORTION OF REMUNERATION PERFORMANCE RELATED
	\$	\$	\$	\$	\$	\$	%
<b>Non-executive directors</b>							
Michael Brogan	110,581	9,952	-	-	-	120,533	-
Michael Jacobson <sup>1</sup>	30,581	2,752	-	-	-	33,333	-
Brian Scheiner <sup>1</sup>	30,581	2,752	-	-	-	33,333	-
Ian Tsicalas	125,933	33,667	-	-	-	159,600	-
Peter Yates <sup>2</sup>	91,667	-	-	-	-	91,667	-
<b>Executive director</b>							
Robert Moran	427,011	23,731	-	13,918	338,208	802,868	-
<b>Other executive</b>							
Lionel Baldwin	35,704	2,629	-	-	-	38,333	-
David Neufeld <sup>4</sup>	288,959	14,389	247,279	(25,000)	225,473	751,100	-
	<b>1,141,017</b>	<b>89,872</b>	<b>247,279</b>	<b>(11,082)</b>	<b>563,681</b>	<b>2,030,767</b>	

1 Directors appointed 1 March 2012

2 Director resignation on 30 April 2012. Payments made or payable to an employer entity

3 Appointed 1 May 2012

4 Resigned 30 April 2012

## (c) Indemnities and insurance

Amounts disclosed for remuneration of key management personnel exclude insurance premiums paid by the Consolidated Entity during the period ended 31 March 2013 in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out in the Directors' Report. Disclosure of the total amount of the premium and the nature of the potential liabilities in respect of the policy is expressly prohibited by the policy.

## (d) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements or letters of appointment. These agreements may provide for the provision of performance related

cash bonuses and other benefits. Other major provisions of the agreements relating to remuneration are set out below.

All arrangements with executives may be terminated early by either party, subject to applicable notice periods and termination payments as detailed below.

### **Robert Moran,**

*Managing Director, Oceania Capital Partners Limited*

Robert Moran has been employed by the Company since 1 September 2009. Robert's employment arrangements comprise:

- A base remuneration package of \$450,000 per annum including superannuation. This base remuneration was fixed from 1 May 2012. Next annual review March 2015.
- Notice period of six months.

- Participation in a Long Term Incentive Plan. Refer (e) below.
- Retention arrangements in the prior period (in lieu of any short term incentive or bonus arrangements). Refer (f) below.

### **Lionel Baldwin,**

*Chief Financial Officer and Company Secretary,  
Oceania Capital Partners Limited*

Lionel Baldwin has been employed by the Company since 1 May 2012. Lionel's current employment arrangements comprise:

- A base remuneration package of \$235,750 per annum including superannuation. Next annual review March 2014.
- Notice period of 3 months.

### **(e) OCP Long Term Incentive for Robert Moran**

The shareholders of the Company approved elements of a Long Term Incentive arrangement (LTI) for the Managing Director, Robert Moran, on 25 July 2012, which forms part of the overall revised remuneration arrangements of Mr Moran which commenced on 1 May 2012.

#### **Objective**

The LTI aims to align the return capable of being earned by Mr Moran with the increase in total shareholder value achieved for shareholders.

#### **Operation**

Under the LTI, Mr Moran will be eligible for an incentive on and from 31 December 2016 if the Net Asset Value (defined below) exceeds the Threshold Value (defined below) as at that date. In these circumstances, Mr Moran's incentive will be equal to 10% of the difference between the Net Asset Value and the Threshold Value, subject to a specified cap. Mr Moran will not be entitled to any incentive if he resigns (other than because of permanent incapacity) or is dismissed for cause before 31 December 2016.

- 'Net Asset Value' means the value of the net assets of the Company (on a consolidated group basis).
- 'Threshold Value' means \$70,000,000 compounded annually from 1 January 2012 at the rate of 8.5% per annum (the \$70,000,000 amount could be higher (either \$72,500,000 or \$75,000,000) in some circumstances).

- The 'Threshold value' is increased by the value of any equity issued by the Company. In December the Company issued shares amounting to \$14.9 million and consequently the threshold value at that time increased by this amount.

If Mr Moran's employment is terminated by the Company before 31 December 2016 without cause, he will be entitled to a long term incentive if the Net Asset Value exceeds the Threshold Value as at the date he receives notice.

During the 2013 financial period through to 31 March 2013 the LTI was assessed as having no value. As such no expense relating to the LTI was recognised.

### **(f) Prior period retention arrangements**

As part of retention arrangements entered into in 2010, each of Robert Moran's and David Neufeld's (the Managers) contracts of employment entitled them to retention payments payable on 30 April 2011, 30 October 2011, 30 April 2012 and 30 October 2012 provided that the Manager remained an employee at the relevant date and certain other conditions were met.

The Company had offered these retention payments to the Managers in lieu of having in place any form of short incentive or bonus plan.

The retention amounts payable to the Managers who were employed at 30 April 2011 and 30 October 2011 were paid on 13 May 2011 and 14 November 2011 respectively with the approval of the Remuneration and Nomination Committee.

As a result of a defined Takeover Event occurring on 10 February 2012, the retention amounts payable to the Managers in respect of 30 April 2012 and 30 October 2012 were paid to the Managers on 2 March 2012 with the approval of the Remuneration and Nomination Committee.

The Retention Arrangements were accounted for as a long-term employee entitlement. An expense of \$563,681 relating to the Retention Arrangements was recognised by the Company for the 2012 financial year.



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## **DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF OCEANIA CAPITAL PARTNERS LIMITED**

As lead auditor of Oceania Capital Partners Limited for the period ended 31 March 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to Oceania Capital Partners Limited and the entities it controlled during the period.

**Grant Saxon**

Partner

**BDO East Coast partnership**

Sydney, 16 May 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

## CONSOLIDATED INCOME STATEMENT

*For the nine month period ended 31 March 2013*

	NOTE	31 March 2013 (9 Months) \$'000	CONSOLIDATED 30 June 2012 (12 Months) \$'000
<b>Revenue from continuing operations</b>			
Revenue from sales	4 & 5	732	-
Interest income	5	668	5,942
<b>Total revenue</b>		1,400	5,942
Share of loss of jointly controlled entities	11	(2,743)	(4,463)
Fair value adjustment of financial assets		488	79
<b>Total operating income</b>		(855)	1,558
Due diligence and transaction costs		(155)	(1,010)
Broadcast production costs		(23)	-
Employee benefits expense		(1,207)	(2,591)
Selling costs		(103)	-
Promotions and marketing		(11)	-
Administration and other operating expenses		(720)	(1,697)
<b>Total loss before income tax and depreciation</b>		(3,074)	(3,740)
Depreciation	12	(19)	(14)
<b>Loss before income tax</b>		(3,093)	(3,754)
Income tax (expense) benefit	6	(53)	1,164
<b>Loss from continuing operations</b>		(3,146)	(2,590)
<b>Discontinued operations</b>			
Profit from discontinued operations (net of income tax)	3	-	550
<b>Loss for the period</b>		(3,146)	(2,040)
<b>Attributable to:</b>			
Equity holders of the parent entity		(3,146)	(2,022)
Non-controlling interests		-	(18)
<b>Loss for the period</b>		(3,146)	(2,040)
<b>Total</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings (loss) per share attributable to ordinary equity holders	29	(10.86)	(3.04)
Diluted earnings (loss) per share attributable to ordinary equity holders	29	(10.86)	(3.04)
<b>Continuing operations</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings (loss) per share attributable to ordinary equity holders	29	(10.86)	(3.89)
Diluted earnings (loss) per share attributable to ordinary equity holders	29	(10.86)	(3.89)

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the period ended 31 March 2013*

	NOTE	2013 (9 Months) \$'000	CONSOLIDATED 2012 (12 Months) \$'000
<b>Loss for the period</b>		(3,146)	(2,040)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of reserves of jointly controlled entities	19	324	(144)
Income tax relating to items that may be reclassified subsequently		(97)	43
<b>Other comprehensive income for the period, net of income tax</b>		227	(101)
<b>Total comprehensive income for the period</b>		(2,919)	(2,141)
<b>Attributable to:</b>			
Equity holders of the parent entity		(2,919)	(2,123)
Non-controlling interests		-	(18)
<b>Total comprehensive income for the period</b>		(2,919)	(2,141)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**As at 31 March 2013**

	NOTE	31 March 2013 \$'000	CONSOLIDATED 30 June 2012 \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	17,741	13,686
Trade and other receivables	8	1,950	168
Other financial assets	10	5,080	5,032
Current tax assets	14	-	1,369
<b>Total current assets</b>		<b>24,771</b>	<b>20,255</b>
<b>Non-current assets</b>			
Other financial assets	10	5,503	2,268
Investments accounted for using the equity method	11	37,000	48,327
Property, plant and equipment	12	510	26
Intangible assets	13	16,334	-
Deferred tax asset	14	52	-
<b>Total non-current assets</b>		<b>59,399</b>	<b>50,621</b>
<b>Total assets</b>		<b>84,170</b>	<b>70,876</b>
<b>Current liabilities</b>			
Trade and other payables	15	1,079	376
Current tax liabilities	14	113	-
Employee benefits	16	216	73
<b>Total current liabilities</b>		<b>1,408</b>	<b>449</b>
<b>Non-current liabilities</b>			
Employee benefits	16	104	26
<b>Total non-current liabilities</b>		<b>104</b>	<b>26</b>
<b>Total liabilities</b>		<b>1,512</b>	<b>475</b>
<b>Net assets</b>		<b>82,658</b>	<b>70,401</b>
<b>Equity</b>			
Issued capital	18	243,466	228,640
Reserves	19	24,911	24,684
Accumulated losses	20	(186,069)	(182,923)
<b>Total equity attributable to equity holders of the parent entity</b>		<b>82,308</b>	<b>70,401</b>
Non-controlling interests		350	-
<b>Total equity</b>		<b>82,658</b>	<b>70,401</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2013

Attributable to owners of Oceania Capital Partners Limited

CONSOLIDATED	NOTE	CONTRIBUTED EQUITY \$'000	EQUITY RESERVE \$'000	SHARE OF RESERVES OF INTERESTS IN ASSOCIATES AND JOINT VENTURES USING THE EQUITY METHOD \$'000	ACCUMULATED LOSSES \$'000	TOTAL \$'000	NON- CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 July 2012</b>		<b>228,640</b>	<b>25,690</b>	<b>(1,006)</b>	<b>(182,923)</b>	<b>70,401</b>	-	<b>70,401</b>
Profit (loss) for the period		-	-	-	(3,146)	(3,146)	-	(3,146)
Other comprehensive income for the period net of tax	19	-	-	227	-	227	-	227
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>227</b>	<b>(3,146)</b>	<b>(2,919)</b>	<b>-</b>	<b>(2,919)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Non-controlling interest in subsidiary shares issue		-	-	-	-	-	350	350
Entitlement offer, net of transaction costs	18	14,826	-	-	-	14,826	-	14,826
		<b>14,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,826</b>	<b>350</b>	<b>15,176</b>
<b>Balance at 31 March 2013</b>		<b>243,466</b>	<b>25,690</b>	<b>(779)</b>	<b>(186,069)</b>	<b>82,308</b>	<b>350</b>	<b>82,658</b>

For the period ended 30 June 2012

Attributable to owners of Oceania Capital Partners Limited

CONSOLIDATED	NOTE	CONTRIBUTED EQUITY \$'000	EQUITY RESERVE \$'000	SHARE OF RESERVES OF INTERESTS IN ASSOCIATES AND JOINT VENTURES USING THE EQUITY METHOD \$'000	ACCUMULATED LOSSES \$'000	TOTAL \$'000	NON- CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
<b>Balance at 1 July 2011</b>		<b>398,640</b>	<b>25,690</b>	<b>(1,006)</b>	<b>(180,901)</b>	<b>242,524</b>	<b>18</b>	<b>242,542</b>
Profit (loss) for the year		-	-	227	(2,022)	(2,022)	(18)	(2,040)
Other comprehensive income for the year net of tax	19	-	-	227	-	(101)	-	(101)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>(905)</b>	<b>(2,022)</b>	<b>(2,123)</b>	<b>(18)</b>	<b>(2,141)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Return of capital to shareholders	18	(27,576)	-	-	-	(27,576)	-	(27,576)
Share buy back	18	(142,424)	-	(101)	-	(142,424)	-	(142,424)
		<b>(170,000)</b>	<b>-</b>	<b>(101)</b>	<b>-</b>	<b>(170,000)</b>	<b>-</b>	<b>(170,000)</b>
<b>Balance at 30 June 2012</b>		<b>228,640</b>	<b>25,690</b>	<b>(1,006)</b>	<b>(182,923)</b>	<b>70,401</b>	<b>-</b>	<b>70,401</b>

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

## CONSOLIDATED CASH FLOW STATEMENT

*For the period ended 31 March 2013*

	NOTE	31 March 2013 (9 Months) \$'000	CONSOLIDATED 30 June 2012 (12 Months) \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		508	-
Payments to suppliers and employees (inclusive of GST)		(1,824)	(4,554)
Interest received		641	6,614
Income taxes (paid)/refund received		1,368	(1,973)
<b>Net cash from operating activities</b>	30	693	87
<b>Cash flows from investing activities</b>			
Proceeds from disposal of discontinued operations, net of cash disposed	3	-	84,532
Payments for purchase of property plant and equipment	12	(18)	-
Payment to purchaser of discontinued operations		-	(4,184)
Restricted cash withdrawn from (deposited) with escrow agent		-	5,000
Payments for due diligence and other transaction costs		-	(1,105)
Dividends from equity accounted joint venture	11	8,908	-
Acquisition of subsidiary	24	(17,607)	-
Payments for acquisition of other financial assets		(2,747)	(2,189)
<b>Net cash from investing activities</b>		(11,464)	82,054
<b>Cash flows from financing activities</b>			
Payments for capital management		-	(998)
Payments for off-market share buy-back	18	-	(142,424)
Proceeds of entitlement offer, net of transaction costs	18	14,826	-
Payments for return of capital to shareholders	18	-	(27,576)
Payment of distributions		-	(3)
<b>Net cash from financing activities</b>		14,826	(171,001)
<b>Net increase in cash and cash equivalents</b>		4,055	(88,860)
Cash and cash equivalents at 1 July		13,686	102,546
<b>Cash and cash equivalents at 31 March (2012, 30 June)</b>	7	17,741	13,686

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report for the period ended 31 March 2013 comprises Oceania Capital Partners Limited ("the Company"), its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interest in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below, and have been consistently applied by each entity in the Consolidated Entity to all periods presented, unless otherwise stated.

Oceania Capital Partners Limited is a limited liability company incorporated and domiciled in Australia. The company is a for-profit entity for the purposes of preparing financial statements.

The principal activity of the Company is 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, commercial radio broadcasting, healthcare technology and security industries. The investment in the security industry was exited in April 2011. The investment in the healthcare technology industry was exited in July 2011.

The financial statements were approved by the Board of Directors on 16 May 2013.

### (a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for profit oriented entities. The consolidated financial report of the Consolidated Entity complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

### (b) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for the following which are measured at fair value:

- derivative financial instruments
- financial assets

The methods used to measure fair values are discussed further in note 9.

### Comparative figures

The Consolidated Entity changed its financial year end to be 31 March each year. The substituted accounting period represented in this financial report is for the nine months to 31 March 2013. The comparative information is for the last financial year end, being 30 June 2012. Accordingly the financial position is described at the respective balance dates, and the financial performance is for the nine months from 1 July 2012 to 31 March 2013 and the twelve months to 30 June 2012 respectively.

### (c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the entities in the Consolidated Entity at balance date.

### (d) Rounding

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. In accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

### (e) Use of Estimates and Judgements

The preparation of a 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 next financial year are the measurement of the recoverable amount of equity accounted investments and the decision not to consolidate these investments (Note 11), financial assets at fair value through profit and loss (Note 10) and tax losses (Note 6), assumptions regarding the indefinite useful life of radio broadcast licences (Note 1(o)) and impairment testing of radio broadcasting licences (Note 13).

## **(f) Principles of Consolidation**

### *Subsidiaries*

The consolidated financial statements of Oceania Capital Partners Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 March 2013 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

### *Business combinations*

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any

pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Any contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for which the accounting is incomplete. Those provisional figures are adjusted during the measurement period (which cannot exceed one year from the acquisition date) to reflect new information obtained about the facts and circumstances that existed as at the date of the acquisition date that, if known, would have affected the amounts recognised as of that date.

### *Associates and jointly controlled entities*

Associates are those entities in which the Consolidated Entity has significant influence, but not control, over the financial and operating policies. Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement. In the consolidated financial statements, investments in associates and jointly controlled entities are accounted for using either fair value through profit and loss or the equity method of accounting as designated as appropriate to each investment.

The Consolidated Entity's investments in associates and jointly controlled entities include goodwill identified on acquisition net of impairment losses, if any.

Where the equity method is applied, the consolidated financial statements include the Consolidated Entity's share of the total recognised gains and losses of associates or jointly controlled entities on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Consolidated Entity's share of losses exceeds its interest in an associate or jointly controlled entity, the Consolidated Entity's carrying amount is reduced to \$nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred obligations or made payments on behalf of the associate or jointly controlled entity.

Where the fair value method is applied, the carrying amount of investments in associates or jointly controlled entities is restated to the assessed fair value with changes recognised in the income statement.

#### *Transactions eliminated on consolidation*

All intercompany balances, unrealised income and unrealised expenses arising from intra-group transactions, have been eliminated in full.

Unrealised gains or losses on transactions between the Consolidated Entity and its equity accounted investments are eliminated to the extent of the Consolidated Entity's interest in those entities.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

### **(g) Foreign Currency Translation**

#### *Foreign currency transactions and balances*

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at reporting date are translated at the foreign exchange rate prevailing at that date.

Foreign exchange gains and losses arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

#### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at balance date. The income and expenses of foreign operations are translated into Australian dollars at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues and expenses are translated at exchange rates at the dates of the transactions). Any exchange differences arising on translation are taken directly to the Foreign currency translation reserve in equity.

Exchange differences arising from the translation of a net investment in foreign operations, and of related hedges, are taken to the Foreign currency translation reserve and are released into the income statement upon a disposal resulting in a loss of control.

### **(h) Revenue**

Revenue is income that arises in the course of ordinary activities of the Consolidated Entity and is recognised at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

#### *Interest income*

Interest income is recognised in the income statement on an accruals basis, using the effective interest method.

#### *Dividend income*

Dividend income is recognised in the income statement when the entity's right to receive payment is established.

#### *Commercial radio broadcasting*

Revenue represents revenue earned primarily from the sale of advertising airtime and related activities, including sponsorship and promotions. Revenue is recorded when the service is provided being primarily when the advertisement is aired. Commissions payable to media agencies are recognised as selling costs. Other regular sources of operating revenue are derived from commercial production for advertisers, including facility sharing revenue and program sharing revenue. Revenue from commercial production is recognised on invoice, at the time of completion.

**(i) Financing costs**

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, costs incurred in establishing and maintaining borrowing facilities for use in funding business acquisitions, foreign exchange gains and losses on foreign currency borrowings, unwinding of the discount on provisions, fair value movements on other financial assets at fair value through the profit and loss where considered part of the borrowing cost, and gains and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in profit or loss using the effective interest method unless they relate to a qualifying asset in which case they are capitalised in the relevant asset.

**(j) Operating leases**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

**(k) Income tax**

The income tax expense or benefit on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at balance date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates which are enacted or substantially enacted at balance date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not

reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising from the recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

***Tax consolidation***

The Company and its wholly-owned Australian controlled entities formed a tax consolidated group on 1 July 2005 meaning that all members of the tax consolidated group are taxed as a single entity. The Company is the head entity of the tax consolidated group.

**(l) Non-Derivative Financial Instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Financial assets are recognised when the rights to receive cash flows and the risks and rewards of ownership are transferred to the Consolidated Entity. Financial assets are derecognised when the rights to receive cash flows from these assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognised if the Consolidated Entity becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value though profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Purchases of investments are recognised when the Consolidated Entity is entitled to the risks and rewards of ownership. This is usually on settlement date, being the date on which the asset is delivered to the Consolidated Entity. Sales of investments are recognised when the Consolidated Entity is unconditionally committed to sell

the asset and the risks and rewards of ownership have been substantially transferred by the Consolidated Entity.

The Consolidated Entity classifies its investments as either loans and receivables at amortised cost or financial assets through profit or loss. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in the income statement in interest income. Losses arising from any impairment of such loans and advances are recognised in the income statement.

#### *Financial assets at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition or subsequently re-designated in compliance with accounting standards. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial instruments are designated at fair value through profit or loss if the Consolidated Entity manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are classified as at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts

that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### *Impairment*

The Consolidated Entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment includes observable data that indicates that there is a measurable decrease in the future cash flows expected to be received.

##### *(i) Loans and Receivables*

For loans and receivables carried at amortised cost, the Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Consolidated Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

##### *(ii) Financial Assets at Fair Value Through Profit and Loss*

For financial assets at fair value through profit and loss, the Consolidated Entity assesses at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

#### *(m) Derivative Financial Instruments*

The Consolidated Entity may use derivative financial instruments including interest rate swaps to hedge its exposure to interest rate risks arising from operating, financing and investment activities. In accordance with its treasury policy, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit and loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

At the inception of a hedge relationship, the Consolidated Entity formally designates and documents the hedge relationship to which the Consolidated Entity wishes to apply hedge accounting and the risk management objectives and strategies for undertaking various hedge transactions. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess the effectiveness of the hedge instrument in offsetting the exposure to changes in the fair values or cash flows of hedged items attributable to the hedged risk. Such hedges are expected to be highly effective in offsetting changes in fair values or cash flows of hedged items and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated are offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Consolidated Entity assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

Derivative financial instruments that do not qualify for hedge accounting are recognised at fair value at inception. Subsequent changes in fair value are recognised immediately in profit or loss.

#### *Cash flow hedges*

Changes in the fair value of derivative hedging instruments designated as cash flow hedges are recognised directly in equity in the 'Cash flow hedging reserve' to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised directly in the Statement of Comprehensive Income.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss (for example, when a forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the underlying transaction is ultimately recognised in the income statement, unless there is evidence of impairment. When an underlying transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to profit and loss.

#### *Hedges of a net investment*

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while gains and losses relating to the ineffective portion are recognised in profit or loss. On disposal of a foreign operation, the cumulative value of such gains and losses recognised in equity will be transferred to profit or loss.

#### *Fair Values*

The fair value of derivative financial instruments is the estimated amount that the Consolidated Entity would receive or pay to terminate the derivative financial instruments at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

### **(n) Property, Plant and Equipment**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (refer note 1 (t)). The carrying amount of an item of property, plant and equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied within the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- leasehold improvements : shorter of lease term or useful life

- other plant and equipment : 2-20 years
- communication equipment : 3-5 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

## (o) Intangible Assets

### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any goodwill on acquisitions of associates or jointly controlled entities is included in investments in associates or jointly controlled entities where the equity method is adopted. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is allocated to cash generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is not amortised.

### *Radio broadcasting licences*

Radio licences are initially recognised at cost. Analogue licences are renewable for a minimal cost every five years under provisions within the Broadcasting Services Act. The Directors understand that the revocation of a commercial radio licence has never happened in Australia and have no reason to believe that the licences have a finite life. As a result radio broadcasting licences have been assessed to have indefinite useful lives. Accordingly they are not amortised and are tested for impairment annually or whenever there is an indication that the carrying value may be impaired, and are carried at cost less accumulated impairment losses.

## (p) Creditors and Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the period and which remain outstanding at balance date. Creditors are stated initially at fair value and subsequently at amortised cost, are unsecured, and are usually paid within 30 days of recognition.

## (q) Interest-Bearing Loans and Borrowings

Interest-bearing borrowings are recognised initially at fair value net of attributable transaction costs, which

include legal and advisory fees, bank charges and any other ancillary borrowing costs. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with income/expense recognised in profit or loss on an effective interest basis.

## (r) Employee Entitlements

### *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

### *Long service leave*

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

### *Profit-sharing and bonus plans*

The Consolidated Entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made. The liability is not discounted as it is settled within 12 months.

## (s) Provisions

Provisions are recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting expected future cash flows at a market rate.

## (t) Impairment of Non Financial Assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets

that have a definite useful life and are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is measured by reference to fair value less costs to sell and value in use. An impairment loss is recognised in the income statement unless the asset has previously been revalued, in which case the loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

### (u) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, or the collection of instalment amounts that were due from shareholders, are or were accounted for as a deduction from equity, net of any related income tax benefit.

### (v) Earnings Per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (w) 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.

### (x) Investments Classified as Held for Sale

Investments are classified and reported as held for sale in accordance with the requirements of AASB 5 Non-Current Assets Held for Sale and Discontinued Operations upon the Consolidated Entity becoming

committed to disposing of the asset in accordance with the requirements of the standard.

### (y) New and Revised Accounting Standards and Interpretations

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

#### *AASB 10 Consolidated Financial Statements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 January 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

### *AASB 11 Joint Arrangements*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 January 2013 will not have a material impact on the Consolidated Entity, as the Consolidated entity does not apply proportionate consolidation method to any of its joint ventures.

### *AASB 12 Disclosures of Interests in Other Entities*

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 April 2013 will significantly increase the amount of disclosures required to be given by the Consolidated Entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

### *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based

on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 January 2013 should be minimal, although there will be increased disclosures where fair value is used.

### *AASB 127 Separate Financial Statements (Revised) AASB 128 Investments in Associates and Joint Ventures (Reissued)*

These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 January 2013 will not have a material impact on the consolidated entity.

### *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The amendments also change the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. This will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 April 2013 is expected to reduce the reported annual leave liability and increase disclosures of the Consolidated Entity.

### *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement*

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 January 2014 will remove the duplication of

information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the Consolidated Entity.

*AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 January 2013 will not have a material impact on the consolidated entity.

*IFRS Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27*

IFRS Investments Entities issued in October 2012 is applicable to Annual reporting periods beginning on or after 1 January 2014. The amendment defines an 'investment entity' and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendment prescribes three criteria that must be met in order for an entity to be defined as an investment entity, as well as four 'typical characteristics' to consider in assessing the criteria.

The amendment also introduces disclosure requirements for investment entities into IFRS 12 Disclosure of Interests in Other Entities and amends IAS 27 Separate Financial Statements. Even though management have determined that parent entity meets the definition of an investment entity, it does not meet all of the 'typical characteristics' of an investment entity per paragraph 27 of IFRS 10 (as amended), specifically as it does not measure and evaluate the performance of substantially all of its investments on a fair value basis.

## 2. EARLY ADOPTION OF AASB 9

The Consolidated Entity early adopted AASB 9 Financial Instruments with effect for the 2010 financial

year in accordance with the transitional provisions contained in the accounting standard. 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.

## 3. DISCONTINUED OPERATIONS

The profit from discontinued operations is as follows:

	31 March 2013 (9 Months) \$'000	Consolidated 30 June 2012 (12 Months) \$'000
i) Signature Security Group	-	(2,005)
ii) iSoft Group	-	2,555
	-	550

### i) Signature Security Group

The Consolidated Entity sold its investment in Signature Security Group during the 2011 financial year. During the 2012 financial year a dispute arose relating to the final net proceeds from the sale of the investment in the Signature Security Group that were subject to completion date adjustments, required to be made in accordance with the terms of the Share Sale Agreement. An independent expert was appointed to make a determination on the disputed matters in accordance with the terms of the Share Sale Agreement. The independent expert issued a determination to the parties in February 2012 assessing the amount payable by the Sellers to the Buyers of \$4.2 million. Under the terms of the Share Sale Agreement, the determination of the independent expert is final and binding on the parties. Payment of this amount was made to the Buyer on 2 March 2012. The prior period results of discontinued operations reflect the net impact on the profit and loss of the Signature Completion Date Adjustment arising from the expert's determination. Signature Security Group operated in its own reportable segment.

### ii) iSoft Group Limited

The Consolidated Entity realised its investment in iSoft Group Limited and received payment of the convertible notes held in iSoft Group Limited on 29 July 2011.

## RESULTS OF DISCONTINUED OPERATIONS

### i) SIGNATURE SECURITY GROUP

	31 March 2013 (9 Months) \$'000	Consolidated 30 June 2012 (12 Months) \$'000
<b>Results of discontinued operations</b>		
Net loss recognised from Signature Completion Date Adjustment determination	-	(3,374)
Income tax (expense) benefit related to discontinued operation	-	1,369
<b>Profit (loss) for the period</b>	-	(2,005)
<b>Attributable to:</b>		
Equity holders of the parent entity	-	(2,005)
	<b>Cents</b>	<b>Cents</b>
Basic earnings (loss) per share attributable to ordinary equityholders	-	(3.01)
Diluted earnings (loss) per share attributable to ordinary equityholders	-	(3.01)
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from (used in) discontinued operation</b>		
Net cash from (used in) investing activities	-	816
Net cash flows for the period	-	816
<b>Effect of disposal on the financial position of the Consolidated Entity</b>		
Net consideration received, satisfied in cash	-	816
<b>Net cash inflow</b>	-	816
<b>Details of the sale of the discontinued operations:</b>		
Net cash received	-	816
	-	816
Loss on sale before income tax	-	(3,374)
Income tax benefit (expense)	-	1,369
<b>Gain (Loss) on sale after income tax</b>	-	(2,005)

An amount of \$5.0 million of the sale proceeds was held in an escrow account to be released after 29 April 2013 subject to any outstanding warranty claims. The amount held in the escrow account is reported in Note 10 as "Restricted cash" and was released in full on 3 May 2013.

## RESULTS OF DISCONTINUED OPERATIONS

## ii) ISOFT GROUP LIMITED

	Consolidated	
	31 March 2013 (9 Months) \$'000	30 June 2012 (12 Months) \$'000
Gain (loss) on sale of discontinued operations	-	2,555
<b>Profit (loss) for the period</b>	-	2,555
<b>Attributable to:</b>		
Equity holders of the parent entity	-	2,555
	Cents	Cents
Basic earnings (loss) per share attributable to ordinary equityholders	-	3.84
Diluted earnings (loss) per share attributable to ordinary equityholders	-	3.84
	\$'000	\$'000
<b>Cash flows from (used in) discontinued operation</b>		
Net cash from investing activities		84,427
Net cash flows for the period	-	84,427
<b>Effect of disposal on the financial position of the Consolidated Entity</b>		
Other financial assets	-	(81,872)
<b>Net assets and liabilities</b>	-	(81,872)
Net consideration received, satisfied in cash	-	84,427
<b>Net cash inflow</b>	-	84,427
<b>Details of the sale of the discontinued operations:</b>		
Net cash received	-	84,427
Carry amount of net assets sold	-	(81,872)
	-	2,555
Results from operating activities		
Loss on sale before income tax	-	2,555
<b>Gain (Loss) on sale after income tax</b>	-	2,555

#### 4. 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 current financial period were:

- Financial Services : Receivables management
- Commercial Radio Broadcasting : Operation of FM radio stations

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, does not consolidate all the businesses in which it has invested.

The Financial Services sector relates to the Consolidated Entity's equity accounted Joint Venture in Baycorp Holdings Pty Ltd. Note 11 contains more detailed financial information on Baycorp.

Two operations (Healthcare Technology and Security) were discontinued in prior periods. The segment information disclosed in this note does not include any amounts for these discontinued operations, which are described in more detail in note 3.

The Consolidated Entity operates in one geographical area being the Asia Pacific region.

#### Segment revenues and results

The following is an analysis of the Consolidated Entity's revenue and results from continuing operations by reportable segment.

	Segment revenue		Segment profit	
	Nine months ended 31 March 2013 \$'000	Year ended 30 June 2012 \$'000	Nine months ended 31 March 2013 \$'000	Year ended 30 June 2012 \$'000
Commercial radio broadcasting	732	-	273	-
Financial services - share of loss in equity accounted joint venture entity	-	-	(2,743)	(4,463)
Other	-	-	488	65
	<u>732</u>	<u>-</u>	<u>(1,982)</u>	<u>(4,398)</u>
Interest income			668	5,942
Central administration and employee costs			(1,779)	(5,298)
Profit / (loss) before tax (continuing operations)			<u>(3,093)</u>	<u>(3,754)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2012:nil)

Segment profit represents the profit earned by each segment without allocation of central administration

costs and director's salaries, investment income, finance costs and income tax expense. The share of profits of joint ventures are allocated to the relevant segment.

## 4. SEGMENT REPORTING (Continued)

## Segment assets and liabilities

	31 March 2013 \$'000	30 June 2012 \$'000	1 July 2011 \$'000
<b>Segment assets</b>			
Commercial radio broadcasting	19,595	-	-
Financial services	37,000	48,327	52,934
Other	27,575	22,549	114,524
Total segment assets	84,170	70,876	167,458
Healthcare (now discontinued)	-	-	81,872
<b>Total assets</b>	84,170	70,876	249,330
<b>Segment liabilities</b>			
Commercial radio broadcasting	1,074	-	-
Financial services	-	-	-
Other	438	475	6,788
Total segment liabilities	1,512	475	6,788
Healthcare (now discontinued)	-	-	-
<b>Total liabilities</b>	1,512	475	6,788

For the purposes of monitoring segment performance and allocating resources between segments:

- (1) all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments.  
 (2) all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

## Other segment information

	Depreciation		Additions to Property, plant and equipment and intangibles	
	Nine months ended 31 March 2013 \$'000	Year ended 30 June 2012 \$'000	Nine months ended 31 March 2013 \$'000	Year ended 30 June 2012 \$'000
Commercial radio broadcasting	(9)	-	16,828	-
Other	(10)	(14)	18	-
	(19)	(14)	16,846	-

## 5. REVENUE FROM CONTINUING OPERATIONS

Revenue from sales  
Interest received or receivable

	Consolidated
31 March 2013 (9 Months) \$'000	30 June 2012 (12 Months) \$'000
732	-
668	5,942
1,400	5,942

## 6. INCOME TAX EXPENSE

### (a) Income tax expense recognised in the income statement

	Consolidated
31 March 2013 (9 Months) \$'000	30 June 2012 (12 Months) \$'000
Current tax	112
Deferred tax	(59)
Income tax expense (benefit)	53
Deferred income tax expense (benefit) included in income tax expense comprises:	
Decrease (increase) in deferred tax assets	(45)
(Decrease) increase in deferred tax liabilities	(14)
	1,258
	(59)
	1,258
Income tax expense (benefit) from continuing operations	53
Income tax expense (benefit) from discontinued operations operations (excluding loss on sale)	-
Total income tax expense	53

### (b) Numerical reconciliation between income tax expense and pre-tax net profit

	Consolidated
31 March 2013 (9 Months) \$'000	30 June 2012 (12 Months) \$'000
(Loss) profit for the year	(3,146)
Total income tax (benefit) expense	53
Profit (loss) excluding income tax	(3,093)
Income tax at the Australian tax rate of 30% (2012: 30%)	(928)
Increase (decrease) in income tax expense due to:	
Non-deductible expenses	1
Impairment expense (benefit) not deductible for tax purposes relating to jointly controlled entities	1,466
Dividend from jointly controlled entities	252
Revenue tax loss from sale of investments	-
Results of jointly controlled entities	(644)
Other timing differences	(94)
	53
Tax losses for which no deferred tax asset has been recognised	-
Total income tax expense (benefit)	53

## 6. INCOME TAX EXPENSE (Continued)

### (c) Amounts recognised directly in equity

The aggregate current and deferred tax arising in the period and not recognised in net profit or loss but directly debited or credited to equity, is as follows:

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Deferred tax	(46)	(431)
	(46)	(431)

### (d) Tax losses

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Unused tax losses for which no deferred tax asset has been recognised	188,969	183,564
Potential benefit at 30%	56,691	55,069

The tax losses at 30 June were incurred by Australian entities.

### (e) Unrecognised temporary differences

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Deductible temporary difference relating to investments in joint venture entity:	5,633	-
Other deductible temporary differences	286	-
	5,918	-
Unrecognised deferred tax asset related to the above temporary differences	1,775	-

## 7. CASH AND CASH EQUIVALENTS

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Cash at bank and on hand	869	169
Deposits at call	16,872	8,517
Term deposits	-	5,000
Current	17,741	13,686

## 8. TRADE AND OTHER RECEIVABLES

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Trade receivables	1,280	-
Provision for doubtful debts	(21)	-
Interest receivable	74	47
Other receivables	550	4
Prepayments	67	117
Current	1,950	168

The Consolidated entity has not recognised an expense in respect of bad and doubtful trade receivables during the period ended 31 March 2013. The provision for doubtful debts is based on known bad debts and past experience for receipt of trade receivables acquired as part of the acquisition of Sunshine Coast Broadcasters Pty Ltd.

## 9. FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Consolidated Entity may enter into derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and spot rates on highly probable future transactions.

The following types of hedge relationships may be used by the Consolidated Entity:

- hedges of interest rate risk of recognised liabilities or highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation.

The Consolidated Entity did not have any derivative financial instruments that did not qualify for hedge accounting during the current or comparative reporting periods. The Company and its wholly owned subsidiaries did not enter into any derivative financial instruments or arrangements during the current or comparative reporting periods.

### (a) Fair Values

The fair value of financial instruments traded in active markets, such as publicly traded securities and available-for-sale securities, are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Entity is the closing bid price at balance date.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques and/or consideration of specific circumstances affecting recovery of the financial instruments at balance date. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are also used to analyse market conditions. Other techniques, such as estimated discounted future cash flows, are used, where appropriate.

The fair values of financial assets and liabilities recognised at balance date are not considered to be materially different from their carrying amounts as described below or in the relevant notes to these financial statements.

### *i) Estimation of fair values*

The following summarises the major methods and assumptions used in estimating fair values of financial assets and liabilities.

#### *Financial assets at fair value through profit or loss*

Fair values for listed securities are assessed based on or with reference to quoted market prices at the balance sheet date without any deduction for transaction costs. Fair values for unlisted securities are assessed using a financial model and supported by independent assessments.

#### *Derivatives*

The fair value of interest rate swaps is based on the present value of the estimated future cash flows. The Consolidated Entity had no interest rate swap arrangements in place at 31 March 2013.

#### *Interest-bearing borrowings*

Fair values for disclosure purposes are estimated using discounted cash flow analysis, based on current rates for similar types of lending arrangements. The Consolidated Entity had no interest-bearing borrowings at 31 March 2013.

#### *Trade and other receivables and payables*

The carrying amounts represent fair value due to their short-term to maturity.

### *ii) Interest rates used for determining fair value*

Where applicable, the Consolidated Entity uses the BBSW yield curve as at the reporting date, plus an adequate constant credit spread, to discount financial instruments.

### *iii) Fair value hierarchy*

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

**31 MARCH 2013 (9 MONTHS)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit or loss	5,503	-	-	5,503
Restricted cash	5,080	-	-	5,080
	10,583	-	-	10,583

**30 JUNE 2012 (12 MONTHS)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets designated at fair value through profit or loss	2,268	-	-	2,268
Restricted cash	5,032	-	-	5,032
	7,300	-	-	7,300

The fair value of other financial assets designated as Level 1 at 31 March 2013, \$5.5 million being an investment held in Keybridge Capital Limited has been assessed at market value. \$5.0 million is the balance of Escrow funds from the Signature Group sale. A

10% increase or decrease to the ascribed value per unit would change the carrying value upward or downward by \$1.0 million with the change being recognised through the income statement.

**10. OTHER FINANCIAL ASSETS**

	<b>31 March 2013 \$'000</b>	<b>Consolidated 30 June 2012 \$'000</b>
<b>Current</b>		
Restricted cash	5,080	5,032
<b>Non-current</b>		
Other financial assets, at fair value through profit or loss	5,503	2,268

Restricted cash refers to \$5.0 million of the cash proceeds received from the sale of the investment in Signature Security Group that was held in an escrow account and released to the Consolidated Entity on 3 May 2013.

Other financial assets represent the Consolidated Entity's investment in Keybridge Capital Limited (KBC). The Consolidated Entity's shareholding represents 19.99% of KBC's issued shares at 31 March 2013

(30 June 2012:10.53%). Following the appointment of a representative of the Company to the board of KBC on 2 January 2013, KBC was considered to be an associate of the Consolidated Entity. Utilising the exemption available under AASB 128, the directors of the Consolidated Entity have elected to continue to designate the investment in KBC as "Other financial assets, at fair value through profit and loss" from that date. The value of the shares was assessed at 31 March 2013 having regard to the KBC share price.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### (a) Investments in jointly controlled entities

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

unless otherwise specified. The carrying amounts of investments in jointly controlled entities are as follows:

NAME OF ENTITY	PRINCIPAL ACTIVITY	ECONOMIC OWNERSHIP INTEREST AT BALANCE DATE		CONSOLIDATED		COMPANY	
		31 MARCH 2013 %	30 JUNE 2012 %	31 MARCH 2013 \$'000	30 JUNE 2012 \$'000	31 MARCH 2013 \$'000	30 JUNE 2012 \$'000
Baycorp Holdings Pty Limited	Receivables Management	52.55	52.55	37,000	48,327	37,000	48,327

Baycorp Holdings Pty Limited (Baycorp) has a balance date of 30 June. Management accounts for the nine month period ending 31 March 2013, prepared by Baycorp management, have been used in the preparation of these financial statements.

#### *Baycorp Holdings Pty Limited (formerly Trans Tasman Collections Holdings Pty Limited)(Baycorp)*

The Consolidated Entity's ownership interest in Baycorp increased to 52.55% during the 2011 financial year as a result of Baycorp using excess cash resources to buy back and cancel shares held by a minority shareholder. Notwithstanding the increase in ownership above 50.0%, the Consolidated Entity does not have the capacity to control the activities and decision making of Baycorp as the investment remains a jointly controlled entity under the terms of the Shareholders' Agreement. Accordingly, the equity method of accounting continues to be applied.

In assessing the recoverable 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 include:

- 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% to 12% (2012: 11% to 12%);
- utilising exchanges rates against the Australian dollar as at 31 March 2013; and
- terminal year revenue growth rates of approximately 3.0%. (2012: 3%)

This assessment has resulted in an impairment of the carrying value of the investment in Baycorp of \$4.9 million. This impairment is a result of the business not performing to expectation for the nine month period under review, due to both operational and competitive reasons and a lower level of investment in Purchased Debt Ledgers.

## (a) Results of jointly controlled entities

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Share of (loss) profit before income tax	3,023	(2,280)
Share of income tax expense	(878)	(2,183)
Share of net (loss) profit accounted for using the equity method	2,145	(4,463)
Impairment of carrying value of investment	(4,888)	-
	(2,743)	(4,463)

## (b) Movements in carrying amounts

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Carrying amount at the beginning of the financial year	48,327	52,934
Share of net equity accounted (loss) profits after tax	2,145	(4,463)
Impairment of carrying value of investment	(4,888)	-
Share of post acquisition movements in reserves	324	(144)
Dividends received	(8,908)	-
Carrying amount at the end of financial year	37,000	48,327

## (c) Summarised financial information of jointly controlled entities

	CURRENT ASSETS \$'000	TANGIBLE NON- CURRENT ASSETS \$'000	GOODWILL \$'000	TOTAL ASSETS \$'000	CURRENT LIABILITIES \$'000	NON- CURRENT LIABILITIES \$'000	TOTAL LIABILITIES \$'000	REVENUES \$'000	EXPENSES \$'000	PROFIT / (LOSS) \$'000
<b>2013 (9 Months)</b>										
Baycorp Holdings Pty Limited	57,126	46,936	44,408	148,470	(9,860)	(54,112)	(63,972)	36,097	(32,211)	4,082
<b>2012 (12 Months)</b>										
Baycorp Holdings Pty Limited	64,007	52,902	44,170	161,079	(13,352)	(50,987)	(64,339)	54,859	(63,363)	(8,494)

## 12. PROPERTY, PLANT AND EQUIPMENT

### Cost

Balance at 1 July 2011

Balance at 30 June 2012

Acquisition of subsidiary

Additions

**Balance at 31 March 2013**

### Depreciation and impairment losses

Balance at 1 July 2011

Depreciation charge for the year

Balance at 30 June 2012

Depreciation charge for the period

**Balance at 31 March 2013**

### Carrying amounts

At 30 June 2012

At 31 March 2013

	Leasehold Improvements \$'000	Plant and equipment \$'000	Consolidated Total \$'000
Balance at 1 July 2011	27	65	92
Balance at 30 June 2012	27	65	92
Acquisition of subsidiary	92	393	485
Additions	-	18	18
<b>Balance at 31 March 2013</b>	<b>119</b>	<b>476</b>	<b>595</b>
Depreciation and impairment losses			
Balance at 1 July 2011	26	26	52
Depreciation charge for the year	1	13	14
Balance at 30 June 2012	27	39	66
Depreciation charge for the period	1	18	19
<b>Balance at 31 March 2013</b>	<b>28</b>	<b>57</b>	<b>85</b>
Carrying amounts			
At 30 June 2012	-	26	26
At 31 March 2013	91	419	510

## 13. INTANGIBLE ASSETS

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Commercial radio licences - at cost	16,334	-
Carrying amount at beginning of financial period	-	-
Acquisition of subsidiary (note 24)	16,334	-
	<b>16,334</b>	<b>-</b>

The value of licences is allocated to the cash generating unit ("CGU") identified as commercial radio broadcasting. This CGU was consolidated from for the first time from March 2013 when the acquisition of Sunshine Coast Broadcasters Pty Ltd ("SCB") was

completed. Given that the acquisition took place so close to the year end impairment testing has been assessed with regard to the acquisition price and the competitive bid process leading up to the acquisition.

## 14. TAX ASSETS AND LIABILITIES

### (a) Current tax assets and liabilities

The current tax asset at 30 June 2012 of \$1,369,000 represented the amount of income taxes refundable in respect of the prior period. This amount was received in November 2012.

The current tax liability at 31 March 2013 of \$113,000 (2012:nil) represents the amount of income taxes payable in respect of the current period.

## 14. TAX ASSETS AND LIABILITIES (Continued)

## (b) Deferred tax assets and liabilities

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Employee entitlements	16	22
Tax losses	-	1,532
Deductible business related capital costs	246	235
Other financial assets at fair value through profit or loss	(170)	(24)
Investments accounted for using the equity method	-	(2,313)
Share of reserves of jointly controlled entities	-	432
Provisions	-	44
Other items	(40)	72
<b>Net deferred tax assets</b>	<b>52</b>	<b>-</b>
<b>Movements:</b>		
Opening Balance		
Debited to profit or loss	-	(1,302)
Debited (credited) to equity	59	1,258
Business combinations	(46)	44
<b>Closing Balance</b>	<b>39</b>	<b>-</b>
	<b>52</b>	<b>-</b>

## 15. TRADE AND OTHER PAYABLES

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Trade creditors	45	33
Other creditors and accrued expenses	1,034	343
<b>Current</b>	<b>1,079</b>	<b>376</b>

## 16. EMPLOYEE BENEFITS

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Provision for annual leave	174	73
Provision for bonuses	28	-
Provision for long-service leave	14	-
<b>Current</b>	<b>216</b>	<b>73</b>
Provision for long-service leave	104	26
<b>Non-current</b>	<b>104</b>	<b>26</b>

## 17. FINANCIAL INSTRUMENTS

### (a) Financial risk management

The Consolidated Entity has exposure to a variety of financial risks, which are categorised as market risk, credit risk, and liquidity risk. This note presents information about the Consolidated Entity's exposure to each of these risks. Additional disclosures are presented throughout this financial report.

The understanding and management of risk, particularly preservation of capital, is critical to the Company. The Board has overall responsibility for ensuring that there is a sound system of risk management and internal compliance and control across the business. Documented policies and processes to enable appropriate management of business and investment risk have been adopted. The Audit, Finance and Risk Committee (AFRC) and the Investment Committee have a key role in overseeing these risk management policies and processes.

Investee entities are responsible for their own risk management. The Company oversees the risk management practices of investee entities through representation on the boards of those entities and involvement in actively assisting and overseeing the management of the businesses.

The risk management policies and analysis described below and throughout this financial report refer to those practices adopted by the entities that are members of the Consolidated Entity.

#### Market Risk

Market risk refers to the potential for changes in the market value of the Consolidated Entity's investment positions or earnings streams. There are various types of market risks including exposures associated with interest rates, foreign currencies and equity market prices. The Consolidated

Entity may use derivative financial instruments to hedge certain risk exposures. The methods used to measure the types of risk to which the Consolidated Entity is exposed are described below.

#### (i) Interest rate risk

The nature of the Company's business has been to invest in listed and unlisted entities. As part of the funding arrangements for transactions, the Board may elect to raise an appropriate level of debt to partially fund the Consolidated Entity's investments. Debt funding exposes the Consolidated Entity to the risk of movements in interest rates.

Interest rate swaps may be used by the Consolidated Entity to manage exposure to interest rate risk. The majority of the derivative financial instruments are floating-to-fixed interest rate swaps. Such derivative financial instruments have the economic effect of converting assets and liabilities from variable interest rate to fixed interest rate arrangements. Under the interest rate swaps, the relevant entity agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Consolidated Entity had no exposure to interest rate swaps at 31 March 2013.

#### Interest Rate Sensitivity

The following table summarises the sensitivity of the Consolidated Entity's financial assets and liabilities to a reasonable possible change in interest rates, with all other variables held constant. It assesses the effect that a 100 basis point increase or decrease in the yield curve in the Australian interest rate at 31 March 2013 would have on equity and profit or loss (before tax) at the reporting date. The analysis was performed on the same basis in 2012.

	Consolidated			
	31 March 2013		30 June 2012	
	Profit or loss	Equity	Profit or loss	Equity
	\$'000	\$'000	\$'000	\$'000
100 basis point increase	228	-	187	-
100 basis point decrease	(228)	-	(187)	-

A sensitivity of 100 basis points has been selected as this is considered reasonable given the current level of short-term and long-term interest rates and the volatility observed both on an historical basis and market expectations for future movements.

*(ii) Foreign currency risk*

The Company has made investments in Australian dollars only. Each of the businesses in which the Consolidated Entity has invested may conduct operations outside of Australia and may be exposed to foreign currency exchange risk. Each investee entity is responsible for managing its own exposure to these risks.

OCP's policy is to require operating subsidiary companies to manage their foreign exchange risk against their functional currency. For the nine month period to 31 March 2013 neither the Company, or any of its subsidiaries, was exposed to foreign currency risk.

*Sensitivity analysis*

The Consolidated Entity is not considered to have any material sensitivity to foreign currency exchange risks as it applies net investment hedging.

For the Consolidated Entity, any foreign currency translation risk associated with foreign investments results in some volatility to the foreign currency

translation reserve. The impact on the foreign currency translation reserve relates to translation of the net assets of foreign controlled entities including the impact of hedging. The movement taken to the foreign currency translation reserve takes into account the related hedges and represents the impact of the unhedged portion.

*(iii) Equity price risk*

The Consolidated Entity is exposed to equity securities price risk arising from its investment in the listed securities of Keybridge Capital Limited. Hedging is not entered into in respect of the risk of a general decline in equity market values. The Consolidated Entity does not actively hedge its exposure to the risk of a general decline in equity market values, believing that such strategies are not cost-effective. Instead, the Consolidated Entity prefers to actively manage the underlying business or asset to ensure that its fundamental value is preserved and enhanced.

The Consolidated Entity may enter into hedges of highly probable forecast transactions for payments for listed equity investments. At the reporting date, no derivatives were held for that purpose.

*Equity Pricing Sensitivity*

The following table summarises the sensitivity of the Consolidated Entity's financial assets and liabilities to equity price risk at balance date.

	31 March 2013		30 June 2012	
	Carrying amount \$'000	Market or fair value \$'000	Carrying amount \$'000	Market or fair value \$'000
Listed shares (accounted for using the fair value method)	5,503	5,503	2,268	2,268

Listed securities held in Keybridge Capital Limited are measured at fair value as represented by the share price of Keybridge at balance date. A 10% movement in the share price as at 31 March 2013 would result in an increase or decrease in the fair value of the shares of approximately \$0.6 million (2012 \$0.2 million).

The price risk for any other unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The Consolidated Entity is not exposed to commodity price risk.

#### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company or its subsidiaries. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk arises from all financial assets included in the statement of financial position.

The Company has invested in listed and unlisted entities. The Company, or a subsidiary entity, will usually only provide loans to investee entities when it forms part of the overall funding provided for an investment transaction. Approval of such funding is the responsibility of the Board.

Operating businesses that the Company invests in will have their own credit risk policies. The Company is actively involved in assisting and overseeing the managing of the business of investee entities, including overseeing that appropriate policies are in place.

The carrying amount of the financial assets recognised in the statement of financial position best represents the Consolidated Entity's maximum exposure to credit risk at the reporting date.

#### *Ageing of Financial Assets*

The following table summarises the credit risk of the Consolidated Entity's financial assets by assessing the ageing of the carrying amount of financial assets. It also details any financial assets that are individually impaired and a description of collateral held where relevant.

	Total \$'000	Neither past due nor impaired \$'000	Past due but not impaired					Collectively impaired \$'000	Individually impaired \$'000
			< 30 days \$'000	30-60 days \$'000	60-90 days \$'000	> 90 days \$'000			
<b>Consolidated</b>									
<b>2013</b>									
Cash and cash equivalents	17,741	17,741	-	-	-	-	-	-	-
Receivables	1,950	1,950	-	-	-	-	-	-	-
Other financial assets	10,583	10,583	-	-	-	-	-	-	-
<b>Total</b>	<b>30,274</b>	<b>30,274</b>	-	-	-	-	-	-	-

#### **Consolidated**

#### **2012**

Cash and cash equivalents	13,686	13,686	-	-	-	-	-	-	-
Receivables	168	168	-	-	-	-	-	-	-
Other financial assets	7,300	7,300	-	-	-	-	-	-	-
<b>Total</b>	<b>21,154</b>	<b>21,154</b>	-	-	-	-	-	-	-

*Liquidity Risk*

Liquidity risk is the risk that the Company or its subsidiaries will not be able to meet financial obligations as they fall due.

The Board has approved a Financial Management Policy applicable to the Company and its wholly owned subsidiaries. The Financial Management Policy includes policies for the investment of surplus cash and monitoring of the liquidity position. The Company and its wholly owned subsidiaries are required to maintain a cash balance, including any undrawn committed debt facilities, of at least \$5 million.

Operating businesses in which the Company has invested and which are not wholly owned are required to manage their own liquidity requirements so as to meet their financial obligations as they fall due. This includes maintaining an appropriate level of surplus

cash to support the business and having appropriate overdraft and debt facilities available. The Company is represented on the boards of these entities and is able to monitor the liquidity position.

The liquidity position of the Consolidated Entity is monitored for the impact of potential investment acquisitions or divestments, including any potential borrowing requirements.

The following table analyses the Consolidated Entity's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows (including both interest and principal cash flows), except interest rate swaps which are disclosed on a net basis.

	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Consolidated</b>							
<b>2013</b>							
Trade and other payables	1,079	1,079	1,079	-	-	-	-
<b>Total</b>	<b>1,079</b>	<b>1,079</b>	<b>1,079</b>	-	-	-	-
<b>Consolidated</b>							
<b>2012</b>							
Trade and other payables	376	376	376	-	-	-	-
<b>Total</b>	<b>376</b>	<b>376</b>	<b>376</b>	-	-	-	-

*Capital Risk Management*

The Company's cash resources are held on interest bearing deposit with major Australian banks. Cash held in an escrow account pursuant to the share sale agreement for Signature Security Group was held by an approved escrow agent before being released to the Consolidated Entity on 3 May 2013.

The Board reviews the Company's capital plan including dividend policy, share issuance or repurchase programmes and the issuance of debt.

The Company, directly or indirectly, has invested in listed and unlisted operating businesses. In making investment decisions, the Board considers an appropriate level of equity investment and debt for each transaction with the aim of reducing the equity requirement and maximising the return on capital invested.

## 18. ISSUED CAPITAL

### (a) Ordinary share capital

#### Ordinary shares fully paid

Company		Company	
31 March 2013 Shares	30 June 2012 Shares	31 March 2013 \$'000	30 June 2012 \$'000
35,307,209	25,677,757	243,466	228,640

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.

### (b) Movements in issued capital

#### Movement in ordinary share capital

Opening balance 1 July 2011.

Ordinary shares bought back and cancelled (refer (c) below)

Return of capital to shareholders (refer (d) below)

Closing balance at 30 June 2012

Entitlement offer (refer (e) below)

Transaction costs, net of tax

Closing balance at 31 March 2013

	Number of shares	\$'000
Opening balance 1 July 2011.	91,921,295	398,640
Ordinary shares bought back and cancelled (refer (c) below)	(66,243,538)	(142,424)
Return of capital to shareholders (refer (d) below)	-	(27,576)
Closing balance at 30 June 2012	25,677,757	228,640
Entitlement offer (refer (e) below)	9,629,452	14,926
Transaction costs, net of tax	-	(100)
Closing balance at 31 March 2013	35,307,209	243,466

### (c) Share buy-back

On 16 December 2011, shareholders approved that the Company undertake an equal access off-market share buy-back to buy back and cancel up to 66,243,538 shares at a price of \$2.15 per share (maximum funding requirement of \$142.4 million). Eligible shareholders were invited to tender some or all of their shareholding into the buy-back. The tender period for the buy-back ran from 5 January 2012 to 3 February 2012. On 6 February 2012, the Company bought back and cancelled 66,243,538 shares pursuant to the buy-back. Payment of the buy-back proceeds of \$142.4 million was made to participating shareholders from the cash reserves of the Company on 9 February 2012.

### (d) Return of Capital

On 16 December 2011, the shareholders of the Company approved a pro rata return of capital to eligible shareholders of 30.0 cents per share. The return of capital of approximately \$27.6 million was paid to eligible shareholders from cash reserves on 5 January 2012.

### (e) Entitlement Offer

On 22 November 2012 the Company announce a partially underwritten 3 for 8 Entitlement Offer at an issue price of \$1.55 per share. As a result of the Entitlement Offer a total of 9,629,452 fully paid ordinary shares were issued by the Company on 27 December 2012, raising \$14.9 million (before costs of \$94,000 net of tax).

## 19. RESERVES

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
<b>(a) Equity reserve</b>		
Opening balance 1 July	25,690	25,690
<b>Total equity reserve</b>	25,690	25,690
<b>(b) Share of reserves of interests in associates and joint ventures using the equity method</b>		
Opening balance 1 July	(1,006)	(905)
Share of reserves during the period	324	(144)
Tax effect of net gain/(loss)	(97)	43
<b>Total share of reserves of interests in associates and joint ventures using the equity method</b>	(779)	(1,006)
<b>Total reserves</b>	24,911	24,684

**(a) Equity reserve**

In accordance with Accounting Standards, a financial asset was recognised in respect of unpaid share capital receivable from shareholders, discounted to fair value at recognition. This treatment resulted in the recognition of \$25.7 million of interest income during the financial years 2005 to 2007 which represented the unwinding of the discount over the term to recovery of the receivable.

The directors have determined that this income should not be used to pay future dividends and approved the transfer of this amount to an Equity reserve.

**(b) Share of reserves of interests in associates and joint ventures using the equity method**

The Consolidated Entity's share of reserves of interests in associates and joint ventures accounted for using the equity method are recognised in this reserve.

## 20. ACCUMULATED LOSSES

	31 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Opening balance at 1 July	(182,923)	(180,901)
Net profit (loss) for the year	(3,146)	(2,022)
	(186,069)	(182,923)

## 21. DIVIDENDS

No interim or final dividend has been paid or is proposed for payment (2012 – \$nil).

Estimated franking credits available for the payment of dividends in subsequent financial years based on a tax rate of 30% total \$4,206,000 (2012 \$2,118,000).

## 22. 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 March 2013 \$'000	Consolidated 30 June 2012 \$'000
Within one year	2,056	2,251
Later than one year but not later than five years	1,158	2,747
Later than five years	-	-
	3,214	4,998

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

Included in lease commitments are amounts totalling \$4.8 million (2012: \$3.2 million) relating to lease commitments of jointly controlled entities.

## 23. CONTINGENT LIABILITIES

The Company and the Consolidated Entity had no material contingent liabilities at 31 March 2013.

## 24. ACQUISITION OF SUBSIDIARY

On 15 March 2013 Eon Broadcasting Pty Ltd, a 95% held subsidiary of the Consolidated Entity, acquired

all of the shares in the capital of Sunshine Coast Broadcasters Pty Ltd (SCB) for an aggregate purchase consideration of \$17.6 million. SCB operates two commercial FM radio stations on the Queensland Sunshine Coast. Due to practical considerations the acquisition has been accounted for from 1 March 2013, the effect of this is not considered to be material.

As the acquisition took place close to the 31 March 2013 year end, the initial accounting for the acquisition has only been provisionally determined. For tax purposes the tax values of SCB's assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined.

**24. ACQUISITION OF SUBSIDIARY (Continued)**

The identifiable net assets acquired are set out below:

	Provisional fair value recognised on acquisition \$'000
<b>Sunshine Coast Broadcasting Pty Limited</b>	
<b>Current assets</b>	
Trade and other receivables	1,209
<b>Non current assets</b>	
Property, plant and equipment	485
Intangible assets - radio licences	16,334
Deferred tax asset	38
<b>Current liabilities</b>	
Trade and other payables	(256)
Employee benefits	(137)
<b>Non current liabilities</b>	
Employee benefits	(66)
<b>Fair value of identifiable net assets</b>	17,607
<b>Goodwill arising on acquisition</b>	-
<b>Purchase price</b>	17,607
Cash payment net of working capital adjustment	17,607
Costs associated with the acquisition	150
	17,757
<b>Cash outflow on acquisition date</b>	
Consideration paid in cash	17,607

The costs associated with the acquisition above are disclosed in the consolidated income statement as part of due diligence and transaction costs.

From the date of acquisition SCB contributed \$732,000 of revenue and \$273,000 to the profit before tax of the

consolidated entity. Had the acquisition taken place on 1 July 2012. The underlying operations of SCB would have contributed approximately \$5,800,000 of revenue and \$1,576,000 to profit before tax of the consolidated entity.

## 25. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial period ended 31 March 2013 the parent company of the Consolidated Entity was Oceania Capital Partners Limited.

### Result of the parent entity

	31 March 2013 \$'000	Company 30 June 2012 \$'000
Profit/(loss) for the period	(3,112)	11,991
Other comprehensive income(expense)	-	-
Total comprehensive income (expense) for the period	(3,112)	11,991

### Financial position of the parent entity at year end

Current assets	22,056	15,086
Total assets	82,780	66,754
Current liabilities	400	312
Total liabilities	438	312

### Total equity of the parent entity comprising of:

Share capital	243,466	228,640
Reserves	24,911	25,690
Accumulated losses	(186,035)	(187,889)
<b>Total Equity</b>	<b>82,342</b>	<b>66,441</b>

### Operating lease commitments

	31 March 2013 \$'000	Company 30 June 2012 \$'000
Within one year	100	16
Later than one year but not later than five years	42	-
Later than five years	-	-
	142	16

Contingent Liabilities of the Company at 31 March 2013 are detailed in Note 23. The Company had no capital expenditure or investment commitments at 31 March 2013.

## 26. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

### *Ultimate controlling entity*

Hosken Consolidated Investments Limited (Incorporated in the Republic of South Africa)

### *Ultimate controlling entity incorporated within Australia*

HCI Investments Australia Pty Ltd

### *Controlling entity*

HCI Australian Operations Pty Ltd

### *Key management personnel*

The following were key management personnel of the Consolidated Entity at any time during the reporting period and, unless otherwise indicated, were key management personnel for the entire period:

### *Directors*

Ian Tsicalas (Independent non-executive Chairman)

Michael Brogan (Independent non-executive director)

Michael Jacobson (Non-executive director)

Brian Scheiner (Non-executive director)

Robert Moran (Managing Director)

### *Executive*

Lionel Baldwin (Chief Financial Officer and Company Secretary, Oceania Capital Partners Limited)

Other than as noted above, there have been no changes in key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue.

### *(a) Details of remuneration*

Details of the total remuneration of all key management personnel, including their personally related entities, are as follows:

	<b>Consolidated</b>	
	<b>31 March 2013 (9 Months)</b>	<b>30 June 2012 (12 Months)</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	776,241	1,141,017
Other long-term benefits	9,131	552,599
Post-employment benefits	56,259	89,872
Termination benefits	-	247,279
	<b>841,631</b>	<b>2,030,767</b>

## 26. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

### (b) Equity instrument disclosures relating to key management personnel

The number of shares in the Company held during the financial period by key management personnel of the Consolidated Entity, including their personally related entities, are set out below:

#### 2013

Ordinary shares	Balance at 1 July 2012	Purchases/ (Disposals)	Transfers In/ (Transfers Out)	Balance at 31 March 2013
<b>Directors</b>				
Michael Brogan	-	-	-	-
Michael Jacobson <sup>(i) (vi)</sup>	-	788,088	-	788,088
Robert Moran	619,369	316,619	-	935,988
Brian Scheiner <sup>(ii) (vi)</sup>	-	771,430	-	771,430
Ian Tscalas	-	-	-	-
<b>Executives</b>				
Lionel Baldwin <sup>(iv) (vi)</sup>	-	250,001	-	250,001

#### 2012

Ordinary shares	Balance at 1 July 2011	Purchases/ (Disposals)	Transfers In/ (Transfers Out)	Balance at 30 June 2012
<b>Directors</b>				
Michael Brogan	-	-	-	-
Michael Jacobson <sup>(i) (vi)</sup>	-	-	-	-
Robert Moran	619,369	-	-	619,369
Brian Scheiner <sup>(ii) (vi)</sup>	-	-	-	-
Ian Tscalas	-	-	-	-
Peter Yates	1,414,097	(1,274,097)	(140,000)	-
<b>Executives</b>				
Lionel Baldwin <sup>(iv) (vi)</sup>	-	-	-	-
David Neufeld <sup>(v)</sup>	4,000	-	(4,000)	-

(i) Michael Jacobson was appointed on 1 March 2012.

(ii) Brian Scheiner was appointed on 1 March 2012.

(iii) Peter Yates resigned as a Director on 30 April 2012; his shareholding on that date is reflected as a transfer out.

(iv) Lionel Baldwin was appointed as a member of Key Management Personnel on 1 May 2012

(v) David Neufeld resigned as a member of Key Management Personnel on 30 April 2012, his shareholding on that date is reflected as a transfer out.

(vi) Lionel Baldwin, Michael Jacobson and Brian Scheiner are directors of HCI Australian Operations Pty Ltd (HCI) to this extent they are non-beneficially interested in the 23,903,356 shares in the Company that are held by HCI.

## 26. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

### *(c) Other transactions with key management personnel or related parties*

Michael Brogan, an independent director, has a commercial arrangement to occupy an office within the Company's premises. The arrangement commenced in June 2010. The Company currently receives a base fee of \$13,440 per annum (GST inclusive). At 31 March 2013 an amount of \$nil (2012: \$2,000) relating to this fee was included in Other Receivables.

On 22 November 2012 the Company announced a partially underwritten 3 for 8 entitlement offer. Three Directors, being Robert Moran, Brian Scheiner and Michael Jacobson, agreed to underwrite the Entitlement Offer and entered into an underwriting agreement with the Company. The terms of the underwriting agreement were considered to be favourable to the Company with no fees payable to the underwriting Directors.

Subscription for new ordinary shares by HCI Australian Operations Pty Ltd under Entitlement Offer Note 18(e) amounted to \$10.1 million.

Remuneration paid to directors of parent company, HCI Australian Operations Pty Ltd, during the period was \$325,000 (2012:\$107,000).

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial period and there were no material contracts involving key management personnel interests existing at balance date.

### *(d) Other transactions with associates and jointly controlled entities*

Up until 29 July 2011, being the date that the Consolidated Entity disposed of its interest in iSoft Group Limited, company representatives to the iSOFT Group Limited board and its committees had an entitlement to receive directors' fees which were paid to the Consolidated Entity (other than for Mr Tsicalas who received his fees directly). The fee entitlement for Robert Moran as a director of iSOFT was waived for most of the 2012 (to date of disposal) financial year to assist iSOFT with its financial circumstances. The Consolidated Entity earned fees of \$9,000 in respect of the 2012 financial period.

## 27. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(f).

Name of Entity	Note	Country Incorporation	Class of Shares	Equity Holding (%)	
				2013	2012
AEP Signature Holdings Pty Limited		Australia	Ordinary	100.0	100.0
AEP Signature Trust		Australia	Units	99.7	99.7
EON Broadcasting Pty Limited		Australia	Ordinary	95.0	-
Sunshine Coast Broadcasting Pty Limited <sup>(a)</sup>		Australia	Ordinary	95.0	-

(a) This company is 100% owned by EON Broadcasting Pty Limited, the Consolidated Entity effectively holding 95% of it's issued capital.

## 28. AUDITOR REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	31 March 2013 (9 Months) \$	Consolidated 30 June 2012 (12 Months) \$
<b>Audit services</b>		
BDO East Coast Partnership - audit and review of financial reports	83,061	65,000
KPMG Australia - audit and review of financial reports	-	132,573
	83,061	197,573
<b>Other services</b>		
KPMG Australia - tax compliance services	-	59,591
<b>Total</b>	83,061	257,164

## 29. EARNINGS PER SHARE

	31 March 2013 (9 Months) \$cents	Consolidated 30 June 2012 (12 Months) \$cents
<b>Total</b>		
Basic earnings per share	(10.86)	(3.04)
Diluted earnings per share	(10.86)	(3.04)
<b>Continuing Operations</b>		
Basic earnings per share	(10.86)	(3.89)
Diluted earnings per share	(10.86)	(3.89)
<b>Discontinued Operations</b>		
Basic earnings per share	-	0.85
Diluted earnings per share	-	0.85
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of earnings used in the calculation of basic earnings per share</b>		
Profit (loss) for the period from continuing operations	(3,146)	(2,590)
Profit from discontinued operations (net of tax)	-	550
(Profit) loss attributable to non-controlling interests	-	18
<b>Earnings used in the calculation of total basic earnings per share</b>	<b>(3,146)</b>	<b>(2,022)</b>
<b>Reconciliation of earnings used in the calculation of diluted earnings per share</b>		
Earnings used in the calculation of total basic earnings per share	(3,146)	(2,022)
Non-discretionary changes in earnings arising from dilutive potential ordinary shares	-	-
<b>Earnings used in the calculation of total diluted earnings per share</b>	<b>(3,146)</b>	<b>(2,022)</b>
	<b>Number of shares</b>	
<b>Weighted average number of ordinary shares used in the calculation of basic earnings per share</b>	<b>28,981,292</b>	<b>66,583,165</b>
<b>Weighted average number of ordinary shares used in the calculation of diluted earnings per share</b>	<b>28,981,292</b>	<b>66,583,165</b>

## 30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	31 March 2013 (9 Months) \$'000	Consolidated 30 June 2012 (12 Months) \$'000
Net loss for the period after related income tax expense	(3,146)	(2,040)
Adjustments for non cash items:		
Depreciation and amortisation	19	14
Net gain on sale of investment	-	(2,555)
Transaction costs included in operating cash flow, net of tax	-	1,998
Fair value movement of financial assets	(488)	(79)
Share of loss of jointly controlled entities	2,743	4,464
Changes in operating assets and liabilities, net of effects of sale of discontinued operations:		
- (Increase) decrease in receivables	(25)	1,762
- (Increase) decrease in current and deferred tax assets	1,258	(1,325)
- Increase (decrease) in creditors	201	1,260
- Increase (decrease) in employee entitlements	18	(231)
- Increase (decrease) in current and deferred tax liabilities	113	(3,181)
Net cash from operating activities	693	87

## 31. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as disclosed elsewhere in this financial report, there have been no significant events subsequent to balance date.

# DIRECTORS' DECLARATION

## *Directors' Declaration for the period ended 31 March 2013*

In the opinion of the Directors of Oceania Capital Partners Limited ("the Company"):

- (a) the consolidated financial statements and notes set out on pages 21 to 61 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 March 2013 and of its performance for the financial period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors draw attention to Note 1 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the financial period ended 31 March 2013.

Signed in accordance with a resolution of the Directors.



**IAN TSICALAS**

**Chairman**

Dated at Sydney this 16th day of May 2013.

## INDEPENDENT AUDITOR'S REPORT

To the members of Oceania Capital Partners Limited

### Report on the Financial Report

We have audited the accompanying financial report of Oceania Capital Partners Limited, which comprises the consolidated statement of financial position as at 31 March 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes 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 year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Oceania Capital Partners Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Opinion

In our opinion:

- (a) the financial report of Oceania Capital Partners Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the period ended 31 March 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Oceania Capital Partners Limited for the period ended 31 March 2013 complies with section 300A of the *Corporations Act 2001*.

## BDO East Coast Partnership



Grant Saxon

Partner

Sydney, 16 May 2013

# SHAREHOLDER INFORMATION

*The shareholder information set out below was applicable as at 8 May 2013.*

## DISTRIBUTION OF EQUITY SECURITIES

RANGE	TOTAL HOLDERS	NUMBER OF SHARES	% OF ISSUED SHARES
1 - 1,000	393	132,628	0.38
1,001 - 5,000	278	711,553	2.01
5,001 - 10,000	83	655,171	1.85
10,001 - 100,000	96	2,611,301	7.40
100,001 - and over	19	31,196,556	88.36
<b>Total</b>	<b>869</b>	<b>35,307,209</b>	<b>100.00</b>

The number of shareholders holding less than a marketable parcel of shares was 228.

## LARGEST SHAREHOLDERS

The names of the 20 largest registered holders of ordinary shares as at 8 May 2013 are listed below:

NAME	NUMBER OF SHARES HELD	% OF ISSUED SHARES
HCI AUSTRALIAN OPERATIONS PTY LTD	22,681,042	64.24
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,494,995	4.23
HCI AUSTRALIAN OPERATIONS PTY LTD	1,222,314	3.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,113,543	3.15
MR MICHAEL ALON JACOBSON	788,088	2.23
MR BRIAN SCHEINER	771,430	2.18
DAVID DOYLE	416,666	1.18
RHC MANAGEMENT PTY LTD <MACAULAY SUPER FUND A/C>	412,500	1.17
RHC MANAGEMENT PTY LIMITED <SECOND MORAN FAMILY A/C>	319,369	0.90
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	304,206	0.86
CITICORP NOMINEES PTY LIMITED	280,102	0.79
MR LIONEL WINSTON BALDWIN	250,001	0.71
ROBERT BERNARD MORAN	204,119	0.58
A T WHITTENBURY & CO PTY LIMITED	201,125	0.57
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	161,708	0.46
BOND STREET CUSTODIANS LIMITED <MOAIC SPECIAL SITUAT A/C>	159,111	0.45
EQUITAS NOMINEES PTY LIMITED <PB-600593 A/C>	158,290	0.45
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	131,111	0.37
MR WARWICK SAUER	126,836	0.36
A T WHITTENBURY & CO PTY LIMITED	100,000	0.28



## SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders as at 8 May 2013 as disclosed in the substantial shareholder notices received by the Company were:

NAME	NUMBER OF ISSUED SHARES HELD	%
HCI Australian Operations Pty Ltd	23,903,356	67.7

### VOTING RIGHTS

Shareholders are encouraged to attend the annual general meeting. However, when this is not possible, they are encouraged to use the proxy form by which they can express their views.

Every member present at a general meeting, their proxy or shareholder's representative has one vote on a show of hands, except where a shareholder appoints two proxies, in which case the shareholder may specify the proportion or number of votes which each proxy may exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

### SHAREHOLDER ENQUIRIES

Shareholders with enquiries about their shareholding should contact the Company's share registry:

Computershare Investor Services Pty Limited  
Yarra Falls

452 Johnston Street, Abbotsford,  
VIC 3067, Australia

Telephone: (03) 9415 4000  
Fax: (03) 9473 2500

Please mail all share registry correspondence to  
GPO Box 2975, Melbourne, Victoria 3001

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

### CHANGE OF ADDRESS

It is important for shareholders to notify the share registry in writing promptly of any change of address. As an added security measure, please quote your Shareholder Reference Number and your old address.

### INVESTOR INFORMATION

The Company maintains a website at [www.oceaniacapital.com.au](http://www.oceaniacapital.com.au) where company information is available and a service for any queries is provided. For any further queries, please contact the Company on (02) 8243 2200 or email enquiries to: [info@oceaniacapital.com.au](mailto:info@oceaniacapital.com.au).

### STOCK EXCHANGE LISTING

Oceania Capital Partners Limited ordinary shares are quoted on the Australian Securities Exchange (ASX Code: OCP).

### ANNUAL GENERAL MEETING

Details of the Annual General Meeting will be included in the Notice of Meeting to be despatched to all shareholders.

# CORPORATE DIRECTORY

## **ABN**

52 111 554 360

## **CHAIRMAN**

Ian Tsicalas

## **DIRECTORS**

Michael Brogan  
Robert Moran  
Michael Jacobson  
Brian Scheiner

## **SECRETARY**

Lionel Baldwin

## **REGISTERED OFFICE**

Suite 3, Level 3  
50 Pitt Street  
Sydney NSW 2000  
Telephone: (02) 8243 2200  
Fax: (02) 8243 2222

## **SHARE REGISTRY**

Computershare Investor Services  
Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, VIC 3067  
Telephone: (03) 9415 4000  
Fax: (03) 9473 2500

Please mail all share registry  
correspondence to GPO Box 2975,  
Melbourne, Victoria 3001

## **AUDITOR**

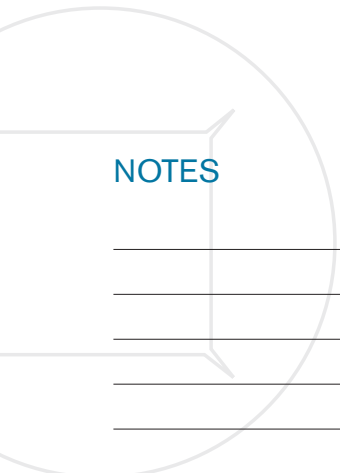
BDO East Coast Partnership  
1 Margaret Street  
Sydney NSW 2000

## **STOCK EXCHANGE LISTING**

Oceania Capital Partners Limited's shares  
are listed on the Australian Securities  
Exchange (ASX Code: OCP)

## **WEBSITE ADDRESS**

[www.oceaniacapital.com.au](http://www.oceaniacapital.com.au)



## NOTES

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REGISTERED OFFICE

Suite 3, Level 3

50 Pitt Street

Sydney NSW 2000

Telephone: +612 8243 2200

Facsimile: +612 8243 2222

Email: [info@oceaniacapital.com.au](mailto:info@oceaniacapital.com.au)

<http://www.oceaniacapital.com.au>

