



Contents

Chairman's Report	01
Directors' Report	03
Corporate Governance	06
Remuneration Report	07
Lead Auditor's Independence Declaration	10
Financial Statements	11
Director's Declaration	42
Independent Auditor's Report	43
Shareholder Information	47
Corporate Directory	48

Chairman's Report

For the year ended 31 March 2017

This report relates to the financial year to 31 March 2017

Last year we reported on very pleasing developments in each of our four underlying investee businesses. In the 2017 financial year we acquired an additional business (Radio 2CH Pty Ltd ("Radio 2CH")) and sold one of our investments (Cohort Holdings Australia Pty Limited ("Cohort")). Our continuing businesses each continued to make positive steps forward in the year.

Our reported net profit after tax of \$7.8 million has continued to grow as our business investments have grown (compared to \$4.9 million in the prior year), although \$1.8 million of that amount relates to a profit, after accounting for related costs, on sale of our interest in Cohort. As at the end of the financial year, we held the following investments:

- 24.9% ownership of the Baycorp Group
- 95% ownership of EON Broadcasting
- 85.5% ownership of EON 2CH
- 97% ownership of Crimsafe

Our objective for the year was to add at least one more business to our portfolio, in addition to the newly acquired Radio 2CH. We have been active in the market but a number of the opportunities which we pursued ultimately did not proceed. The balance of our efforts for the year has been in strategically growing each of the underlying businesses, with significant success for both EON Broadcasting Pty Limited ("EON Broadcasting") and Crimsafe Holdings Pty Limited ("Crimsafe"), as detailed below.

Our reported net asset value per share (after minority interests) as at 31 March 2017 was \$2.66, which compares to the net asset value as at 31 March 2016 of \$2.44. The way in which that is calculated is shown in our ASX release as follows:

	Carrying value at 31 March 2017		Basis for carrying value
	\$m	\$/share	
BC Holdings (Baycorp)	18.2	0.52	At fair value through profit or loss
EON Broadcasting	16.3	0.46	Cost plus share of retained earnings
EON 2CH	5.2	0.15	Cost plus share of retained earnings
Crimsafe	23.6	0.67	Cost plus share of retained earnings
Listed shares	14.3	0.40	Mark to market
Cash at OCP	13.6	0.39	
Escrowed sale proceeds	1.8	0.05	
Other net assets	0.7	0.02	
	93.7	2.66	

Acquisition of Radio 2CH

In January 2017 we announced the completion of the acquisition of Radio 2CH, a heritage AM broadcast radio station in Sydney. Like our other radio stations, 2CH was acquired from a reluctant vendor following a sale process driven by ACMA, this time following the merger of Fairfax Radio and Macquarie Media. We acquired the 2CH business and its associated digital spectrum for \$5.56 million.

We have partnered with John Williams, the CEO of EON Broadcasting, and The Wheatley Organisation, in making this acquisition. OCP's interest in 2CH is held via its 85.5% holding in EON 2CH Pty Ltd ("EON 2CH").

While our strategy across these assets will be rolled out in the next few months, the theme of our plans depends on continuing the focus on the over 50's demographic. We believe there is a position in the Sydney media market for a music and entertainment product focused on the over 50's demographic.

This demographic group speak for a considerable amount of discretionary and non discretionary expenditure and advertisers are interested in specific and direct access to this market segment.

The task ahead of us is to separate and modernise 2CH and to transform it into a vibrant, standalone business. This involves recruitment of new teams in the sales, production and technical areas, and revitalising the look, feel and sound of the station. Our thesis for 2CH is that with increased investment and an increased focus on nurturing and development of the people, and the station generally, an improved financial performance can be achieved. It will take some time but, as noted above, we believe there is a niche in the market for this product if well executed. The team we are assembling is formidable.

Sale of Cohort

The sale of Cohort was announced in September 2016. It is a complex deal that involves a significant component of consideration in deferred, conditional payment arrangements. Cohort is an excellent business in a growth phase but the commercial combination that was proposed by Pureprofile Limited (ASX:PPL) was attractive and fully supported by the founders of Cohort, our partners in the business. We have done well out of the investment with the potential to further benefit from the combination of Pureprofile and Cohort through our continued shareholding in the Pureprofile. There is still some time to go to 30 June 2017 which is the time that our final deferred consideration is determined and paid. We have not recognised any value in our 31 March 2017 accounts for that deferred consideration.

INVESTMENT COMMENTARY

Baycorp

We continue to own 24.9% of Baycorp together with Encore Capital Inc (50.2%) and SAS Trustee Corporation (24.9%). Baycorp increased its purchasing of defaulted debt ledgers throughout the year and as a result OCP supported Baycorp with additional capital of \$1.8 million. It has taken longer than originally anticipated for the business to transition into the Encore environment and for the Encore data analytics expertise and enhanced collection intellectual property and know-how to become embedded into the business. To assist in this process Encore appointed one of their US senior executives as the new CEO of the business in January 2017 and a number of other senior executive placements have been made.

Chairman's Report

For the year ended 31 March 2017

We take this opportunity to thank Grant Jorey, the departing CEO, and his team for the work they have done with Baycorp for a number of years under our ownership.

Our initial timeframe for consideration of exit of the balance of our shares in Baycorp was from 2 to 4 years after the initial transaction. The second anniversary of that sale is approaching in October 2017 and, as such, we are starting the process of determining our exit strategy and timing. Shareholders will note that we have held the carrying value of our remaining Baycorp investment at the same level as the original 2015 exit value and we continue to consider that this is appropriate.

EON Broadcasting

EON Broadcasting owns and operates 92.7 MixFM and 91.9 SeaFM, both on the Sunshine Coast, Queensland. The 2017 year has continued the growth of this business from a very successful 2016. Revenue grew 12% year on year, resulting in EBIT growth of 26%, demonstrating the benefit of operational leverage in this business. The 2017 year saw great stability in the on-air and off-air staff, which is a testament to the strong management and excellent culture of the business.

There are some exciting business developments ahead in 2018 for EON Broadcasting including the business moving to new premises and the installation of new digital-ready studios. There is also another survey scheduled for the Sunshine Coast licence area later this calendar year.

The first two months of this 2018 year have started us off strongly, in circumstances where the radio industry generally has reported soft conditions. Some of this can be tied to the strong management of the business and some can be explained by the positive business conditions on the Sunshine Coast more generally. The Sunshine Coast currently has an excellent business environment and is benefiting strongly from one of the highest population growth rates in the country and a pro-business stance from local regulators and authorities.

EON Broadcasting and EON 2CH are both managed by the same senior management team led by John Williams. The challenges for the management team in 2018 will lie in managing the projects mentioned above while simultaneously maintaining our clearly dominant position in the Sunshine Coast market, improving the financial performance of 2CH and transforming it to a vibrant, standalone business.

Crimsafe

Our second year of ownership of the Crimsafe business has been a very positive one, showing revenue growth of close to 11% year on year. The earnings contribution of the business (\$3.1 million) grew at a substantially higher rate compared to the prior year but some of that growth is explicable by reference to 2016 circumstances. Importantly, margins have been increased and the operational leverage of this business is starting to be demonstrated as well.

The first year of ownership was about transitioning the business from the long term private ownership of the founders of the business and moving it into a more corporate environment. As part of our strategy to strengthen the senior management of the business we appointed Jim Sturgess as the new CEO of the business. Jim is showing a great aptitude for the business and has worked closely with the senior management team in putting together a strategic plan which promises a great future for the business both in Australia and in the US. We are also exploring other geographic markets.

The business continues to invest heavily in the American market and we have seen strong revenue growth out of that market. The facilities have been relocated from Lakeland Florida to Los Angeles and despite challenges following the relocation, we are hopeful for continued good growth from this market.

Crimsafe remains the superior product in its category and the business continues to invest in both product development and innovation to ensure that this position in the market place is unassailable. The Crimsafe brand is also unmatched in its market and the business is committed to continuing to invest in the brand to maintain this position.

Our overall corporate strategy at the OCP level remains investing in strong businesses with growth prospects, good cashflow and excellent management teams. Our profitability is directly related to the success of our underlying businesses and our objective is to create the environment in which they can flourish. The 2017 financial year has been another positive one for us.

During 2017, with the support and approval of our shareholders, the control of OCP passed from Hosken Consolidated Investments Limited to the family interests of John Copelyn, the CEO of Hosken. John then offered our management team the opportunity to increase their stake in the equity of the company, which was taken up. Accordingly, the day to day management of OCP is in the hands of people with a very direct and meaningful ownership position in the company.

As always, success in business is tied to excellent people who understand the importance of culture and relationships. Our people are encouraged to create positive work environments which balance the interests of the business, our staff, our customers and our suppliers, all of whom are important to our success. We thank each of these groups for their continued support and we look forward to another positive year in 2018.



Robert Moran
Chairman

Directors' Report

For the year ended 31 March 2017

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 year ended 31 March 2017 and the Independent Auditor's report thereon.

DIRECTORS

The following were the Directors of the Company throughout, and since the end of, the financial year:

Robert Moran	Non-Executive Chairman
Michael Jacobson	Executive Director
Brian Scheiner	Executive Director

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

Robert Moran

LLB, B.Ec, MAICD

Non-Executive Chairman

Robert Moran served as Managing Director of the Company until June 2014 and was appointed as Non-Executive Chairman in July 2014. He has been involved as a principal investor for over 16 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 continues to represent the Company's interests as a director of Baycorp through a directorship of BC Holdings 1 Pty Limited ("BC Holdings"), which is the Baycorp holding company, and is a member of the BC Holdings Remuneration Committee. He represents the Company as a director of EON Broadcasting Pty Ltd ("EON"), Sunshine Coast Broadcasters Pty Ltd ("SCB"), EON 2CH Pty Ltd ("EON 2CH") and Radio 2CH Pty Ltd ("Radio 2CH"). Robert previously represented the Company as non-executive Chairman of Signature Security Group (from January 2006 until 29 April 2011), as a director of iSOFT Group Limited (from November 2008 until 29 July 2011) and as director of Keybridge Capital Limited from January 2013 to February 2014. 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).

Michael Jacobson

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

Executive Director

Michael served as Non-Executive Director of the Company from March 2012 to June 2014 when he was appointed as an Executive Director of the Company.

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, 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 a non-executive director of Montauk Holdings Ltd, listed on the Johannesburg Stock Exchange.

Michael previously represented the Company as a director of Baycorp and Cohort Holdings Australia Pty Ltd ("Cohort"). He is currently an alternate director of BC Holdings and a director of Crimsafe Holdings Pty Ltd ("Crimsafe").

Brian Scheiner

BA, LLB, H DIP Advanced Company Law, H Dip Tax
Executive Director

Brian served as Non-Executive Director of the Company from March 2012 to June 2014, when he was appointed as an Executive Director of the Company.

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 previously represented the Company as a director of Cohort. Brian currently represents the Company as a director of EON, SCB, EON 2CH, Radio 2CH and Crimsafe.

COMPANY SECRETARY

Lionel Baldwin

CA (SA), B.Comm (Hons)

Lionel joined the Hosken Group in 2002 where he 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 performs the role of Chief Financial Officer for the Company and represents the Company as a director of EON, SCB, EON 2CH, Radio 2CH and Crimsafe.

DIRECTOR MEETINGS

The number of Board meetings held and the number of meetings attended by each of the directors of the Company during the financial year were:

DIRECTOR	BOARD MEETINGS	
	A	B
Michael Jacobson	6	6
Robert Moran	6	6
Brian Scheiner	6	6

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.

Directors' Report

For the year ended 31 March 2017

The Consolidated Entity's principal investments at the end of the year were:

- 24.9% interest in BC Holdings 1 Pty Ltd ("BC Holdings"), a receivables management company. During the prior year the Consolidated Entity disposed of its interest in Baycorp Holdings Pty Ltd ("Baycorp") in exchange for \$18.4 million cash, a 24.875% equity interest in BC Holdings and \$10 million of stapled loan notes issued by BC Holdings.
- 95% interest in EON Broadcasting Pty Limited ("EON"), the owner and operator of two commercial FM radio stations in the Queensland Sunshine coast.
- 85.5% interest in EON 2CH Pty Limited ("EON 2CH"), the owner and operator of a commercial AM radio station and associated DAB+ spectrum in Sydney.
- 97% interest in the Crimsafe Holdings Pty Ltd ("Crimsafe"), a provider of security screen products.

During the year the Consolidated Entity disposed of its 50% interest in Cohort Holdings Australia Pty Ltd ("Cohort").

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the changes noted above there were no other significant changes and events affecting the Consolidated Entity during the period under review and until the date of this report.

Results of operations

The net after tax profit of the Consolidated Entity for the year to 31 March 2017 was \$7.9 million (2016: \$4.9 million).

The current period result includes:

- Interest income of \$0.3 million (2016: \$0.3 million).
- A realised loss on the disposal of listed securities of \$0.1 million (2016: \$0.3 million profit).
- A \$0.8 million upward (2016: \$0.5 million downward) mark-to-market adjustment to the carrying value of listed securities.
- A profit before tax contribution of \$3.5 million from the operations of Sunshine Coast Broadcasters Pty Ltd (SCB) (2016: \$2.7 million)
- A profit before tax contribution of \$4.0 million from the operations of Crimsafe (2016: \$2.7 million).
- An equity accounted profit contribution of \$0.6 million from Cohort for the six months to 30 September 2016, at which time the investment in Cohort was classified as held for sale. In the prior year Cohort contributed a profit contribution of \$1.3 million for the full year. A \$2.1 million realised profit was recognised on the disposal of the Consolidated Entity's interest in Cohort.
- In the prior year Baycorp contributed an equity accounted profit contribution of \$1.2 million for the six months to 30 September 2015, at which time the investment in Baycorp was classified as held for sale. A \$0.3 million realised profit was recognised on the disposal of the Consolidated Entity's interest in Baycorp in the prior year.

FINANCIAL POSITION

At 31 March 2017 the Consolidated Entity had net assets of \$95.1 million (2016: \$86.7 million) and cash at bank of \$17.9 million (2016 \$17.2 million).

At 31 March 2017 the Consolidated Entity's borrowings amounted to \$11.6 million (2016: \$13.5 million). These borrowings, which are non-recourse to the Company, relate to the bank borrowings of the following subsidiaries:

- EON Broadcasting Pty Ltd, secured over the assets of EON and SCB
- Crimsafe Holdings Pty Ltd, secured over the assets of the Crimsafe group of entities.

BC Holdings 1 Pty Ltd – 24.9%

During the prior year the Consolidated Entity disposed of its interest in Baycorp Holdings Pty Ltd in exchange for \$18.4 million cash, 24.875% equity interest in BC Holdings and \$10 million of stapled loan notes issued by BC Holdings. During the current year the Consolidated Entity contributed a further \$1.8 million of loan and equity funding to BC Holdings on a pro-rata basis with the other shareholders of BC Holdings. In accordance with the Consolidated Entity's accounting policy in relation to investments in associates, the investment in BC Holdings has been accounted for at fair value through profit or loss (see note 17).

EON Broadcasting Pty Ltd – 95%

EON reported revenue for the year of \$11.1 million (2016: \$9.9 million) and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$3.9 million (2016: \$3.1 million) from the operations of the radio stations Sea FM 91.9 and 92.7 Mix FM.

EON 2CH Pty Ltd – 85.5%

On 19 January 2017 the Consolidated Entity's 85.5% held subsidiary, EON 2CH Pty Ltd, acquired a 100% interest in Radio 2CH Pty Ltd ("Radio 2CH") for a total purchase consideration of \$5.56 million. During the period from acquisition to 31 March 2017 Radio 2CH reported revenue of \$0.3 million and an operating loss before interest, depreciation and amortisation of \$0.2 million.

Cohort Holdings Australia Pty Ltd

During the year the Consolidated Entity disposed of its interest in Cohort. On completion OCP received initial proceeds of \$7.5 million in cash and 3.3 million PureProfile Limited ("PPL") shares issued at a price of \$0.45 per share. \$0.5 million of the cash proceeds has been escrowed until October 2017 and the PPL shares are escrowed until May 2018. OCP also received \$0.5 million by way of a working capital adjustment.

Conditional on Cohort achieving certain financial and operational targets OCP will receive further consideration by way of two tranches of earn-out payable in the third quarter of the 2017 calendar year:

- OCP will receive a first earn-out tranche of \$2 million payable in PPL shares issued at a price of \$0.45 per share, subject to Cohort achieving normalised EBITDA of \$4 million for the year ending 30 June 2017. These PPL shares will also be escrowed until May 2018.
- OCP will, subject to the achievement of certain financial and operational targets, receive its 50% share of a second earn-out tranche to a maximum of \$7.5 million payable to OCP, calculated by multiplying any excess of Cohort's year to June 2017 normalised EBITDA over \$4 million by a multiple of 5 or 6 depending on the circumstances. The first \$5 million of any second earn-out tranche is payable to OCP in cash or PPL shares at OCP's election with any amount over \$5 million payable to OCP in cash or PPL shares at the election of PPL.

Directors' Report

For the year ended 31 March 2017

Due to the uncertainty in reliably measuring the amount of any contingent consideration until after 30 June 2017, the Consolidated Entity has not recognised any of the above further consideration at 31 March 2017.

Crimsafe Holdings Pty Ltd – 97%

Crimsafe reported revenue for the year of \$37.5 million (2016: \$34 million) and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$4.6 million (2016: \$3.7 million).

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 the 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 year ended 31 March 2017 was declared or paid during the period. No final dividend for the year ended 31 March 2017 has been proposed or declared.

SHARE CAPITAL

There were no changes to the issued share capital of the Company during the year. During the prior year the Company bought back and cancelled 75,637 shares as part of its on market buyback program.

CHANGE IN ULTIMATE PARENT

During the year shareholders approved the acquisition of an indirect controlling interest in the Company by Rivetprops 47 (Pty) Ltd.

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 year 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	2,222,701
Robert Moran	935,988
Brian Scheiner	2,281,430

REMUNERATION REPORT

The Remuneration Report is set out on pages 7 to 9 and forms part of the Directors' Report for the year ended 31 March 2017.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND 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 and non-audit services are set out in note 23 to the financial statements. Having considered the nature and value of non-audit services provided by BDO to the Consolidated Entity during the year under review, the directors are satisfied that the provision of these services is compatible with the general standard of independence for auditors imposed by the Corporations Act.

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

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 31 March 2017.

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 OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, 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.



Robert Moran
Chairman

Dated at Sydney this 24th day of May 2017

Corporate Governance

For the year ended 31 March 2017

Oceania Capital Partners Limited (“the Company”) is a publicly listed company that is governed by the regulations of the Corporations Act 2001. The Company is committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2017 corporate governance statement is dated as at 23 June 2017 and reflects the corporate governance practices in place throughout the 2017 financial year. The 2017 corporate governance statement was approved by the board on 23 June 2017. A description of the Company’s current corporate governance practices is set out in the group’s corporate governance statement which can be viewed at <http://www.oceaniacapital.com.au/corporate-governance-practices>.

Remuneration Report

For the year ended 31 March 2017

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 year ended 31 March 2017.

- | | |
|---|--|
| 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 |
| 5 | Equity instruments and disclosures of key management personnel |

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 Board of OCP determines remuneration policies and practices and has responsibility for the 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 or Board of the relevant member entity. The remuneration policies applied by remuneration committees or boards of those entities are consistent with those of the Company, except as may be required to satisfy the business needs of those entities.

Executive remuneration and other terms of employment are reviewed annually by the relevant remuneration committee or board, 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 or board 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 is in the form of cash bonuses.

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 \$1,000,000 per annum in aggregate for all Non-Executive Directors of the Company.

During the current year the level of remuneration of non-executive directors (inclusive of superannuation) was set at \$120,000 per annum for the Non-Executive Chairman.

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. During the year ending 31 March 2017 fees totalling \$18,000 were paid in respect of additional services provided by Robert Moran (2016: \$124,000). Directors' fees are paid in cash.

Voting and comments made at the Company's last Annual General Meeting

The Company received 99% of "yes" votes on its Remuneration Report for the financial year ending 31 March 2016. The Company did not receive any specific feedback on its Remuneration Report at the Annual General Meeting.

2 KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the Consolidated Entity at the end of the financial year under review were:

Non-Executive Director

Robert Moran – Chairman

Executive Directors

Michael Jacobson

Brian Scheiner

Other Senior Executive

Lionel Baldwin – Company Secretary and Chief Financial Officer

Remuneration Report

For the year ended 31 March 2017

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 2017. For further discussion on financial performance, refer to the review of operations section in the Directors' Report.

	31 March 2017 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000	31 March 2013 ¹ \$'000
Profit (Loss) after net financing cost/income, income tax, depreciation and amortisation (from continuing operations)	7,926	4,949	2,988	(4,853)	(3,074)
Profit (Loss) attributable to shareholders of Oceania Capital Partners Limited	7,811	4,854	2,943	(4,883)	(3,146)
Basic earnings per share (cps)	22.17	13.75	8.33	(13.83)	(10.86)
Share price at period end (cps)	225	136	134	150	180

¹ 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 from OCP and each of the following named Company and relevant group executives who receive the highest remuneration are:

a) For the year ended 31 March 2017:

	Short-term Cash salary and compensated absences	Cash bonus \$	Post- employment Superannuation \$	Other long-term Annual and long-service leave \$	Total \$	Performance based percentage of remuneration
Non-executive directors						
Robert Moran i)	138,000	—	—		138,000	—
Executive Directors						
Michael Jacobson	270,012	45,000	29,988	4,637	349,637	15%
Brian Scheiner	265,092	45,000	34,908	4,637	349,637	15%
Other executive						
Lionel Baldwin	205,762	35,363	29,988	3,959	275,072	15%
	878,866	125,363	94,884	13,233	1,112,346	

i) Paid to a body corporate related to Robert Moran in relation to fees for his service as Non-Executive Chairman and additional services provided to the Company.

b) For the year ended 31 March 2016:

	Short-term Cash salary and compensated absences	Cash bonus \$	Post- employment Superannuation \$	Other long-term Annual and long-service leave \$	Total \$	Performance based percentage of remuneration
Non-executive directors						
Robert Moran i)	244,000	—	—		244,000	—
Executive Directors						
Michael Jacobson	270,023	60,000	29,977	2,404	362,404	20%
Brian Scheiner	265,073	60,000	34,927	2,404	362,404	20%
Other executive						
Lionel Baldwin	206,313	47,150	29,436	(7,023)	275,876	20%
	985,409	167,150	94,340	(2,215)	1,244,684	

i) Paid to a body corporate related to Robert Moran in relation to fees for his service as Non-Executive Chairman and additional services provided to the Company.

Remuneration Report

For the year ended 31 March 2017

4 DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION *continued*

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 2017 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.

Michael Jacobson, Executive Director, Oceania Capital Partners Limited

Michael Jacobson has been employed as an Executive Director since 1 July 2014. From 1 March 2012 to 30 June 2014 he served as a Non-Executive Director of the Company. Michael's current employment arrangements comprise:

- A base remuneration package of \$300,000 per annum including superannuation. Next annual review March 2019.
- Notice period of 3 months.

Brian Scheiner, Executive Director, Oceania Capital Partners Limited

Brian Scheiner has been employed as an Executive Director since 1 July 2014. From 1 March 2012 to 30 June 2014 he served as a Non-Executive Director of the Company. Brian's current employment arrangements comprise:

- A base remuneration package of \$300,000 per annum including superannuation. Next annual review March 2019.
- Notice period of 3 months.

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 2019.
- Notice period of 3 months.

5 EQUITY INSTRUMENTS DISCLOSURES OF KEY MANAGEMENT PERSONNEL

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

Ordinary shares	Balance at 1 April	Purchases	Balance at 31 March
2017			
Directors			
Michael Jacobson	972,701	1,250,000	2,222,701
Robert Moran	935,988	—	935,988
Brian Scheiner	1,031,430	1,250,000	2,281,430
Executives			
Lionel Baldwin	250,001	357,143	607,144
2016			
Directors			
Michael Jacobson	972,701	—	972,701
Robert Moran	935,988	—	935,988
Brian Scheiner	1,031,430	—	1,031,430
Executives			
Lionel Baldwin	250,001	—	250,001

DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF OCEANIA CAPITAL PARTNERS LIMITED

As lead auditor of Oceania Capital Partners Limited for the year ended 31 March 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Arthur Milner
Partner

BDO East Coast Partnership

Sydney, 24 May 2017

Financial Statements

For the year ended 31 March 2017

CONTENTS

Financial statements

Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16

Notes to the financial statements

About this report	17
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Results for the year

1 Segment information	20
2 Income	21

Income taxes

3 Income taxes	22
----------------	----

Assets

4 Cash and cash equivalents	24
5 Trade and other receivables	24
6 Inventories	25
7 Property, plant and equipment	25
8 Goodwill and other intangible assets	26
9 Other financial assets	27

Capital

10 Share capital	29
11 Reserves	29
12 Dividends	29
13 Earnings per share	30
14 Borrowings	30

Risk

15 Financial risk management	32
16 Impairment of non-financial assets	35

Group structure

17 Investments accounted for using the equity method	36
18 Subsidiaries	37
19 Business combination	38

Unrecognised items

20 Commitments and contingencies	39
21 Events after the reporting period	39

Other

22 Parent entity disclosures	40
23 Auditor's remuneration	40
24 Related party transactions	41
25 Other accounting policies	41

Consolidated Income Statement

For the year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Revenue from sales	2	48,951	43,865
Other income	2	924	492
Total revenue		49,875	44,357
Profit on sale of financial assets		2,030	568
Share of profit of jointly controlled entities		577	2,524
Fair value adjustment of financial assets		847	(516)
Total operating income		53,329	46,933
Raw materials and inventory		(20,535)	(19,014)
Due diligence and transaction costs		(333)	(472)
Broadcast production costs		(901)	(672)
Employee benefits expense		(10,492)	(9,073)
Selling costs		(1,731)	(1,336)
Promotions and marketing		(3,360)	(3,747)
Administration and other operating expenses		(5,371)	(5,263)
Depreciation	7	(497)	(418)
Financing costs		(628)	(787)
Profit before income tax		9,481	6,151
Income tax expense	3	(1,555)	(1,202)
Profit for the year		7,926	4,949
Attributable to:			
Equity holders of the parent entity		7,811	4,854
Non-controlling interests		115	95
Profit for the year		7,926	4,949
Earnings per share attributable to equity holders of the parent		Cents	Cents
Basic earnings per share	13	22.17	13.75
Diluted earnings per share	13	22.17	13.75

Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Profit for the year		7,926	4,949
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Share of reserves of jointly controlled entities	11	—	(978)
Reclassification of other comprehensive loss to profit or loss		—	(26)
Exchange differences on translation of foreign operations		43	(48)
Total other comprehensive income (loss) for the period, net of income tax		43	(1,052)
Total comprehensive income for the year		7,969	3,897
Attributable to:			
Equity holders of the parent entity		7,853	3,803
Non-controlling interests		116	94
Total comprehensive income for the year		7,969	3,897

Consolidated Balance Sheet

For the year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000 Restated	2015 \$'000 Restated
ASSETS				
Current assets				
Cash and cash equivalents	4	17,918	17,165	9,956
Trade and other receivables	5	8,617	6,839	7,281
Inventory	6	6,529	4,990	5,258
Other financial assets	9	14,756	12,247	1,591
Current tax assets	3	—	92	241
Total current assets		47,820	41,333	24,327
Non-current assets				
Other receivables	5	917	712	906
Investments accounted for using the equity method	17	—	6,824	40,364
Other financial assets	9	19,504	17,345	—
Property, plant and equipment	7	3,382	1,677	1,772
Intangible assets	8	46,790	42,500	42,500
Deferred tax assets	3	412	260	265
Total non-current assets		71,005	69,318	85,807
Total assets		118,825	110,651	110,134
LIABILITIES				
Current liabilities				
Trade and other payables		4,706	4,070	3,438
Borrowings	14	4,208	1,906	3,232
Current tax liabilities	3	456	275	330
Employee benefits		467	379	433
Total current liabilities		9,837	6,630	7,433
Non-current liabilities				
Borrowings	14	7,368	11,552	13,989
Employee benefits		277	253	286
Deferred tax liabilities	3	6,273	5,550	5,550
Total non-current liabilities		13,918	17,355	19,825
Total liabilities		23,755	23,985	27,258
Net assets		95,070	86,666	82,876
EQUITY				
Share capital	10	243,359	243,359	243,466
Reserves	11	25,685	25,643	26,694
Accumulated losses		(175,344)	(183,155)	(188,009)
Equity attributable to owners of Oceania Capital Partners Limited		93,700	85,847	82,151
Non-controlling interests		1,370	819	725
Total equity		95,070	86,666	82,876

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Note	Contributed Equity \$'000	Equity reserve \$'000	Foreign Exchange translation reserve \$'000	Accumulated losses \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 April 2015		243,466	25,690	1,004	(188,009)	82,151	725	82,876
Profit for the year		—	—	—	4,854	4,854	95	4,949
Other comprehensive income	11	—	—	(1,051)	—	(1,051)	(1)	(1,052)
Total comprehensive income		—	—	(1,051)	4,854	3,803	94	3,897
<i>Transactions with owners in their capacity as owners</i>								
Repurchase of shares		(107)	—	—	—	(107)	—	(107)
Balance at 31 March 2016		243,359	25,690	(47)	(183,155)	85,847	819	86,666
Balance at 1 April 2016		243,359	25,690	(47)	(183,155)	85,847	819	86,666
Profit for the year		—	—	—	7,811	7,811	115	7,926
Other comprehensive income	11	—	—	42	—	42	1	43
Total comprehensive income for the year		—	—	42	7,811	7,853	116	7,969
<i>Transactions with owners in their capacity as owners</i>								
Issue of shares by subsidiary		—	—	—	—	—	435	435
Balance at 31 March 2017		243,359	25,690	(5)	(175,344)	93,700	1,370	95,070

Consolidated Cash Flow Statement

For the year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from customers		52,759	48,567
Payments to suppliers and employees		(48,860)	(43,118)
Interest received		247	221
Income taxes paid		(1,541)	(1,058)
Net cash inflow from operating activities	4	2,605	4,612
Cash flows from investing activities			
Proceeds from sale of other financial assets		633	917
Dividends received		700	774
Payments for purchase of property, plant and equipment		(594)	(323)
Loans advanced		(135)	—
Proceeds received on repayment of loan by joint venture		—	251
Payments for purchase of other financial assets		(4,492)	(10,855)
Proceeds on disposal of interest in Cohort		9,375	16,489
Payment for acquisition of 2CH, net of cash acquired	19	(5,265)	—
Net cash inflow from investing activities		222	7,253
Cash flows from financing activities			
Repurchase of shares		—	(107)
Shares issued by subsidiary		435	—
Repayment of borrowings		(1,882)	(3,764)
Payment of interest and borrowing costs		(627)	(785)
Net cash outflow from financing activities		(2,074)	(4,656)
Net increase in cash and cash equivalents		753	7,209
Cash and cash equivalents at the beginning of the year		17,165	9,956
Cash and cash equivalents at the end of the year	4	17,918	17,165

Notes to the Financial Statements: About this Report

For the year ended 31 March 2017

This consolidated financial report for the year ended 31 March 2017 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, including those that operate in the financial services, commercial radio broadcasting, digital lead generation, security screens, 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 investment in the digital lead generation industry was exited in October 2016.

The financial statements were approved by the Board of Directors on 24 May 2017.

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.

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.

Functional and presentation currency

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

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

Key judgements and estimates

In the process of applying the Consolidated Entity's accounting policies management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- 3 Income taxes
- 6 Inventories
- 7 Property, plant and equipment
- 8 Goodwill and other intangible assets
- 9 Other financial assets
- 16 Impairment of non-financial assets
- 17 Investments accounted for using the equity method

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Consolidated Entity. A list of controlled entities (subsidiaries) at year end is contained in note 18.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Notes to the Financial Statements: About this Report

For the year ended 31 March 2017

Foreign currency

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.

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.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes to the financial statements.

Change in accounting policy

Under AASB 112, Income Taxes, the Consolidated Entity is required to measure deferred tax liabilities and deferred tax assets that reflect the tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Such recovery may arise upon sale of the asset or through its use. In practice, there was uncertainty as to how the term “manner of recovery” should be applied and Interpreted for indefinite useful life intangible assets.

The Consolidated Entity’s Accounting policy with regard to deferred taxes on indefinite useful life intangibles assets has been that the expected manner of recovery is through sale and therefore deferred tax liabilities were being measured using the tax rate and the tax base that were consistent with the manner of recovery through sale. This policy was based on an interpretation of paragraph 51B of AASB 112 which requires that the measurement of any deferred tax liability or deferred tax asset, in relation to a non-depreciable asset, reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset.

The IFRS Interpretations Committee (“IFRIC”) published an agenda decision in its November 2016 IFRIC Update that notes that the requirements of paragraph 51B of IAS 12 (i.e. AASB 112) are not applicable to indefinite useful life assets, as distinguished from infinite life assets measured using the revaluation model in AASB 116. In consequence of this interpretation the Consolidated Entity has changed its accounting policy with regard to deferred taxes on indefinite useful life intangibles assets to reflect the expected manner of recovery is through use. Deferred tax liabilities are now measured using the tax rate and the tax base that are consistent with the manner of recovery use.

As the Consolidated Entity’s indefinite life intangible assets arose from various business combinations that resulted in the calculation of goodwill, the Consolidated Entity has amended the initial accounting for each of those business combinations resulting in an adjustment to the respective goodwill amounts. The table below provides a summary of the amounts of the adjustments affected by the recognition of deferred tax liabilities for the annual reporting period ending 31 March 2017, as well as the comparative periods ending 31 March 2016 and 1 April 2015.

Notes to the Financial Statements: About this Report

For the year ended 31 March 2017

Change in accounting policy continued

Extract from statement of financial position

	As at 31 March 2017		
	Under previous accounting policy \$'000	Effect of change in accounting policy \$'000	As presented \$'000
ASSETS			
Non-current assets			
Goodwill and other intangible assets	40,517	6,273	46,790
Total Assets	112,552	6,273	118,825
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	—	6,273	6,273
Total liabilities	17,482	6,273	23,755
Net assets	95,070	—	95,070

	As at 31 March 2016		
	Under previous accounting policy \$'000	Effect of change in accounting policy \$'000	As presented \$'000
ASSETS			
Non-current assets			
Goodwill and other intangible assets	36,950	5,550	42,500
Total Assets	105,101	5,550	110,651
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	—	5,550	5,550
Total liabilities	18,435	5,550	23,985
Net assets	86,666	—	86,666

	As at 1 April 2015		
	Under previous accounting policy \$'000	Effect of change in accounting policy \$'000	As presented \$'000
ASSETS			
Non-current assets			
Goodwill and other intangible assets	36,950	5,550	42,500
Total Assets	104,584	5,550	110,134
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	—	5,550	5,550
Total liabilities	21,708	5,550	27,258
Net assets	82,876	—	82,876

Notes to the Financial Statements: Results for the Year

For the year ended 31 March 2017

1 Segment information

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 AM & FM radio stations
- Digital lead generation: online lead generation and marketing
- Security screens: supply of door and window security screens

Segment information is disclosed in 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 Consolidated entity operates materially 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 operations by reportable segment.

	Segment revenue		Segment profit (loss)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commercial radio broadcasting	11,415	9,915	3,194	2,674
Security screens	37,536	33,950	3,951	2,749
Financial services	—	—	—	1,081
Digital lead generation	—	—	2,291	1,263
Unallocated	—	—	1,436	6
	48,951	43,865	10,872	7,773
Interest income			318	277
Central administration and employee costs			(1,709)	(1,899)
Profit before tax from continuing operations			9,481	6,151

Segment profit reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2016: Nil).

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, investment income, finance costs and income tax expense. The share of equity accounted profits of joint ventures is allocated to the relevant segment.

Segment assets and liabilities

	2017 \$'000	2016 \$'000 Restated
Segment assets		
Commercial radio broadcasting	31,257	23,051
Financial services	18,170	16,418
Digital lead generation	—	6,824
Security screens	38,635	37,417
Total segment assets	88,062	83,710
Unallocated	30,763	26,941
Total assets	118,825	110,651
Segment liabilities		
Commercial radio broadcasting	8,752	8,138
Security screens	14,669	15,437
Total segment liabilities	23,421	23,575
Unallocated	334	410
Total liabilities	23,755	23,985

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

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

Notes to the Financial Statements: Results for the Year

For the year ended 31 March 2017

1 Segment information continued

Other segment information

	Depreciation		Additions to Property, plan and equipment and Intangibles	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Commercial radio broadcasting	285	157	1,950	250
Security screens	208	258	251	127
Unallocated	4	3	3	3
	497	418	2,204	380

2 Income

	2017 \$'000	2016 \$'000
Sales revenue		
Advertising revenue	11,415	9,915
Sale of goods	37,536	33,950
	48,951	43,865
Other income		
Interest income	318	277
Dividend income	606	215
	924	492

Recognition and measurement

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.

Commercial radio broadcasting

Revenue represents revenue earned primarily from the sale of advertising airtime and related activities, including sponsorship. 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.

Security screens

Security screens revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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.

Notes to the Financial Statements: Income Taxes

For the year ended 31 March 2017

3 Income taxes

Income tax expense recognised in the income statement

	2017 \$'000	2016 \$'000
Current tax	1,633	1,198
Deferred tax	(78)	4
Income tax expense	1,555	1,202

Deferred income tax in the income statement relates to:

Tax losses	(93)	—
Other	15	4
	(78)	4

Tax reconciliation

	2017 \$'000	2016 \$'000
Profit before tax	9,481	4,949
Income tax at the Australian tax rate of 30%	2,844	1,845
Non-deductible expenses	11	6
Equity accounted results of jointly controlled entities	(173)	(758)
Franking credits converted to tax losses	64	91
Previously unrecognised tax losses now recouped	(1,301)	—
Other	110	18
Income tax on profit before tax	1,555	1,202

Unrecognised tax assets

	2017 \$'000	2016 \$'000
Tax losses for which no deferred tax asset has been recognised	192,296	196,223
Potential tax benefit at 30%	57,689	58,867

Deferred income tax in the balance sheet relates to the following:

	2017 \$'000	2016 \$'000 Restated
Employee entitlements	202	246
Other	117	14
Tax losses	93	—
Deferred tax assets	412	260
Intangible assets	6,273	5,550
Deferred tax liabilities	6,273	5,550

Notes to the Financial Statements: Income Taxes

For the year ended 31 March 2017

3 Income taxes continued

Recognition and measurement

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.

Key estimate: unrecognised deferred tax assets

The Consolidated Entity has unrecognised benefits relating to carried forward tax losses. These losses relate to a taxable losses incurred on the disposal of investments by the Consolidated Entity in 2011 and 2016. The Consolidated Entity has determined that at this stage future eligible income to utilise the tax assets are not sufficiently probable.

Notes to the Financial Statements: Assets

For the year ended 31 March 2017

4 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash at bank	5,735	4,489
Deposits at call	12,183	12,676
	17,918	17,165

Reconciliation of net profit after tax to net cash flows from operations

	2017 \$'000	2016 \$'000
Profit for the year	7,926	4,949
<i>Adjustments for non cash items:</i>		
Depreciation	497	418
Fair value movement of financial assets	(847)	516
Share of profit of jointly controlled entities	(577)	(2,524)
Loss (profit) on sale of other financial asset	117	(568)
Profit on sale of jointly controlled entity	(2,147)	—
Other non-cash items	(129)	464
<i>Changes in operating assets and liabilities:</i>		
(Increase) decrease in receivables	(1,210)	442
(Increase) decrease in inventories	(1,539)	268
Decrease in net current and deferred tax assets and liabilities	13	103
Increase in creditors	459	631
Increase (decrease) in employee entitlements	42	(87)
	2,605	4,612

Recognition and measurement

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.

5 Trade and other receivables

	2017 \$'000	2016 \$'000
Trade receivables	7,680	6,370
Provision for doubtful debts	(66)	(24)
Interest receivable	17	23
Pre-payments and other receivables	986	470
Current	8,617	6,839

Other loans receivable	917	712
Non-current	917	712

Trade receivables past due but not impaired

	2017 \$'000	2016 \$'000
Under three months	329	116
Three to six months	—	60
	329	176

The Consolidated entity has recognised an expense in respect of bad and doubtful trade receivables during the period ended 31 March 2017 of \$26,394 (2016: \$27,216). The provision for doubtful debts is based on known bad debts and past experience for receipt of trade debtors.

Notes to the Financial Statements: Assets

For the year ended 31 March 2017

5 Trade and other receivables continued

Recognition and measurement

Trade receivables are initially recognised at fair value. Trade receivables are generally due for settlement within 30 to 60 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

6 Inventories

	2017 \$'000	2016 \$'000
Current		
Finished goods	6,529	4,990

The costs of individual items of inventory are determined using weighted average costs.

Recognition and measurement

Inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour, and an appropriate proportion of overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Key estimate: net realisable value

The key assumptions, which require the use of management judgement, are the variables affecting costs recognised in bringing the inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed at least annually. The total expense relating to inventory write-downs during the year was \$81,127 (2016: \$49,315). Any reasonably possible change in the estimate is unlikely to have a material impact.

7 Property, plant and equipment

	Leasehold improvements \$'000	Plant and equipment \$'000	Total \$'000
Cost			
Balance at 1 April 2015	153	1,905	2,058
Additions	7	373	380
Disposals		(117)	(117)
Balance at 31 March 2016	160	2,161	2,321
Additions	137	457	594
Disposals	—	(13)	(13)
Acquisition of subsidiary	—	1,610	1,610
Balance at 31 March 2017	297	4,215	4,512
Accumulated depreciation			
Balance at 1 April 2015	8	278	286
Depreciation	8	410	418
Disposal		(60)	(60)
Balance at 31 March 2016	16	628	644
Depreciation	21	476	497
Disposals	—	(11)	(11)
Balance at 31 March 2017	37	1,093	1,130
Carrying amounts			
At 31 March 2016	144	1,533	1,677
At 31 March 2017	260	3,122	3,382

Notes to the Financial Statements: Assets

For the year ended 31 March 2017

7 Property, plant and equipment continued

Recognition and measurement

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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

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

Key estimate: property, plant and equipment

The estimations of useful lives, residual value and amortisation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

8 Goodwill and other intangible assets

	2017 \$'000	2016 \$'000 Restated
Commercial radio licences		
Cost		
Balance at the beginning of the year	10,000	10,000
Acquisition of subsidiary	2,410	—
	12,410	10,000
Brands and related intangibles		
Cost		
Balance at the beginning of the year	8,500	8,500
Acquisition of subsidiary	—	—
	8,500	8,500
Goodwill		
Cost		
Balance at the beginning of the year as previously stated	18,450	18,450
Effect of change in accounting policy	5,550	5,550
Balance at the beginning of the year as restated	24,000	24,000
Acquisition of subsidiary	1,880	—
	25,880	24,000
Total non-current	46,790	42,500

Goodwill is monitored by management at an entity level within each of the Consolidated Entity's operating segments.

A segment level summary of goodwill is presented below:

	2017 \$'000	2016 \$'000 Restated
Commercial radio broadcasting	11,318	9,438
Security screens	14,562	14,562
	25,880	24,000

Notes to the Financial Statements: Assets

For the year ended 31 March 2017

8 Goodwill and other intangible assets continued

Recognition and measurement

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Refer to note 16 for further details on impairment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and method is reviewed at each financial year end. Intangible assets with indefinite lives are tested for impairment in the same way as goodwill.

Intangible asset	Useful life
Commercial radio licences	Indefinite
Crimsafe brands	Indefinite

Key judgement: useful life of intangible assets

The Crimsafe brand has been assessed as having an indefinite useful life on the basis of strong brand strength, ongoing expected profitability and continuing support.

Radio broadcasting licences have been assessed as having an indefinite useful life. These 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, without cause, in Australia and have no reason to believe that the licences have a finite life.

9 Other financial assets

	2017 \$'000	2016 \$'000
Current		
<i>Other financial assets through profit or loss</i>		
Investment in listed securities	14,256	11,320
Other		
Escrowed sale proceeds	500	927
	14,756	12,247
Non-current		
<i>Other financial assets through profit or loss</i>		
Investment in BC Holdings 1 Pty Limited	18,170	16,418
Other		
Escrowed sale proceeds	1,334	927
	19,504	17,345

The investment in BC Holdings 1 Pty Limited ("BC Holdings") represents the Consolidated Entity's 24.875% interest in the equity of BC Holdings and stapled loan notes issued by BC Holdings.

Escrowed sale proceeds consist of \$0.5 million cash and 3.33 million ordinary PureProfile Limited ("PPL") shares. The cash proceeds are escrowed until October 2017 and the PPL shares are escrowed until May 2018.

Fair value measurement

a) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to the Financial Statements: Assets

For the year ended 31 March 2017

9 Other financial assets continued

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2017				
<i>Financial assets designated at fair value through profit or loss</i>				
Listed securities	15,590	—	—	15,590
Unlisted investment in BC Holdings 1 Pty Ltd (BC Holdings)	—	—	18,170	18,170
	15,590	—	18,170	33,760
2016				
<i>Financial assets designated at fair value through profit or loss</i>				
Listed securities	11,320	—	—	11,920
Unlisted investment in BC Holdings 1 Pty Ltd (BC Holdings)	—	—	16,418	16,418
	11,320	—	16,418	28,338

b) Valuation techniques used to determine fair values

Level 1

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.

Level 2 & 3

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's unlisted investment in BC Holdings, comprising an equity interest and stapled loan notes has been valued with regard to contractual exit arrangements contained in a shareholders agreement entered into with the controlling shareholder of BC Holdings. These exit arrangements provide a mechanism for the disposal of the Consolidated Entity's interest in BC Holdings, during the period of 2 to 4 years from October 2015, to the controlling shareholder of BC Holdings. The pricing for such a disposal would be the result of a market driven process, however in certain circumstances the price would be derived from the weighted average of an imputed value of \$66 million for the whole of BC Holdings and the issue price of any stapled securities issued subsequent to October 2015.

c) Other financial instruments not carried at fair value

The Consolidated Entity also has financial assets and liabilities which are not measured at fair value on the Balance Sheet. The fair values of these instruments are not materially different to their carrying value as the interest rate payable is close to current market rates or the instruments are short term in nature.

Recognition and measurement

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.

Key judgement: 24.875% interest in Baycorp

In accordance with the Consolidated Entity's accounting policy in relation to investments in associates, the Consolidated Entity has elected to account for the investment in BC Holdings at fair value through profit or loss.

Notes to the Financial Statements: Capital

For the year ended 31 March 2017

10 Share capital

	Company		Company	
	31 March 2017 shares	31 March 2016 shares	31 March 2017 \$'000	31 March 2016 \$'000
Ordinary fully paid shares	35,231,572	35,231,572	243,359	243,359

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.

11 Reserves

	2017 \$'000	2016 \$'000
Equity reserve		
Opening balance	25,690	25,690
	25,690	25,690
Share of reserves of equity accounted joint venture		
Opening balance	—	1,004
Share of reserves during the period	—	(978)
Recycled to profit or loss on disposal of joint venture	—	(26)
	—	—
Foreign currency translation reserve		
Opening balance	(47)	—
Translation differences during the year	42	(47)
Closing balance	(5)	(47)
Total reserves	25,685	25,643

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.

c) Foreign currency translation reserve

The foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of controlled foreign entities.

12 Dividends

No interim or final dividend has been paid or is proposed for payment (2016: \$Nil).

Estimated franking credits available for the payment of dividends in subsequent financial years based on a tax rate of 30% total \$4,751,145 (2016: \$4,538,295).

Notes to the Financial Statements: Capital

For the year ended 31 March 2017

13 Earnings per share

	2017 \$cents	2016 \$cents
Basic earnings per share	22.17	13.75
Diluted earnings per share	22.17	13.75
	\$'000	\$'000
Reconciliation of profit used in the calculation of basic earnings per share		
Profit for the year	7,926	4,949
Profit attributable to non-controlling interests	(115)	(95)
Profit used in the calculation of total basic earnings per share	7,811	4,854
Profit used in the calculation of total diluted earnings per share	7,811	4,854
	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	35,231,572	35,289,501
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	35,231,572	35,289,501

Calculation of 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.

14 Borrowings

	2017 \$'000	2016 \$'000
Current		
Secured bank borrowings	4,208	1,906
Non-current		
Secured bank borrowings	7,368	11,552

Secured bank borrowings

- i) Secured term loan of \$3.06 million (2016: \$3.81 million) bearing interest at BBSY plus 3.05%, repayable over 4 years, with the final instalment due on 5 November 2017. The loan is secured over all of the assets of the Company's subsidiaries: EON Broadcasting Pty Ltd ("EON") and Sunshine Coast Broadcasters Pty Ltd. The carrying value of assets pledged as security is as follows:

	2017 \$'000	2016 \$'000
Total current assets	4,228	2,869
Total non-current assets	20,282	20,182
Total assets	24,510	23,051

The Company has subordinated a claim of \$5 million against EON in favour of the lender.

Notes to the Financial Statements: Capital

For the year ended 31 March 2017

14 Borrowings continued

ii) Secured term loan of \$8.5 million (2016: \$9.63 million) bearing interest at BBSY plus 2.75% repayable over 5 years, with the final instalment due in March 2020. The loan is secured over the all of the assets of the Company's subsidiary entities: Crimsafe Holdings Pty Ltd, Crimsafe Security Systems Pty Ltd, Proline Quality Finishing Pty Ltd, Crimsafe North America LLC and IPH International Pty Ltd. The carrying value of assets pledged as security is as follows:

	2017 \$'000	2016 \$'000
Total current assets	14,354	13,301
Total non-current assets	24,281	24,243
Total assets	38,635	37,544

The Company has subordinated a claim of \$11.4 million against Crimsafe Holdings Pty Ltd in favour of the lender.

iii) Asset finance totalling \$0.1 million (2016: \$0.1 million) secured over property, plant and equipment with a carrying value of \$0.2 million (2016: \$0.2 million).

The bank borrowings referred to in (i) and (ii) above are subject to certain financial covenants. These include maximum leverage and interest cover ratios. The Consolidated Entity has complied with all financial covenants during the year.

Recognition and measurement

All loans and borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Notes to the Financial Statements: Risk

For the year ended 31 March 2017

15 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. 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.

a) 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 a 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 2017.

As at the end of the reporting period, the Consolidated Entity had the following variable rate borrowings outstanding:

	2017 \$'000	2016 \$'000
Bank borrowings	11,576	13,458
Weighted average interest rate	4.81%	5.25%

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 2017 would have on equity and profit or loss (before tax) at the reporting date. The analysis was performed on the same basis in 2016.

	2017		2016	
	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000	Equity \$'000
100 basis point increase	125	125	153	153
100 basis point decrease	(125)	(125)	(153)	(153)

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.

Sensitivity analysis

The Consolidated Entity is not considered to have any material sensitivity to foreign currency exchange risks.

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.

Notes to the Financial Statements: Risk

For the year ended 31 March 2017

15 Financial risk management continued

iii) Equity price risk

The Consolidated Entity is exposed to equity securities price risk arising from its investment in listed securities. 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.

	2017		2016	
	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)	15,590	15,590	11,320	11,320

Listed securities are measured at fair value as represented by the share price at balance date. A 10% movement in the share price as at 31 March 2017 would have resulted in an increase or decrease in the fair value of the shares of approximately \$1.56 million (2016: \$1.13 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.

b) 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 Balance Sheet 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	30-6 days \$'000	60-90 days \$'000	>90 days \$'000		
2017								
Cash & cash equivalents	17,918	17,918	—	—	—	—	—	—
Receivables	8,683	8,288	—	283	46	—	66	—
Other financial assets	14,756	14,756	—	—	—	—	—	—
	41,357	40,962	—	283	46	—	66	—
2016								
Cash & cash equivalents	17,165	17,165	—	—	—	—	—	—
Receivables	6,863	6,663	—	37	79	60	24	—
Other financial assets	12,247	12,247	—	—	—	—	—	—
	36,275	36,075	—	37	79	60	24	—

Based on past payment behaviour and analysis of customer credit risk, unimpaired past due amounts are considered to be collectible in full.

Notes to the Financial Statements: Risk

For the year ended 31 March 2017

15 Financial risk management continued

c) 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.

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).

	Carrying amount \$'000	Residual contract maturities					
		Contractual cash flows \$'000	6 months or less \$'000	months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2017							
Trade & other payables	4,706	4,706	4,706	—	—	—	—
Interest bearing loans and borrowings	11,576	12,749	1,230	3,489	1,489	6,541	—
	16,282	17,455	5,936	3,489	1,489	6,541	—
2016							
Trade & other payables	4,070	4,070	4,070	—	—	—	—
Interest bearing loans and borrowings	13,506	15,295	1,284	1,260	4,737	8,014	—
	17,576	19,365	5,354	1,260	4,737	8,014	—

The borrowings of the Consolidated Entity are subject to certain financial covenants; these include debt service cover ratios and maximum leverage ratios. The Consolidated Entity has ongoing procedures in place to monitor compliance with these covenants. The Consolidated Entity has complied with all such covenants during the year ended 31 March 2017.

d) Capital risk management

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.

Notes to the Financial Statements: Risk

For the year ended 31 March 2017

16 Impairment of non-financial assets

Testing for impairment

The Consolidated Entity tests, property, plant and equipment, intangibles and goodwill for impairment:

- At least annually for indefinite life intangibles and goodwill, and ;
- Where there is an indication that the asset may be impaired, which is assessed at least each reporting date; or
- Where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

If the asset does not generate independent cash flows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal (FVLCD) or value in use (VIU).

The value of the Consolidated Entity's Broadcasting licences, Brands and goodwill are tested for impairment at the individual entity level to which they relate ("CGU").

The recoverable amount of the relevant CGU's at 31 March 2017 was determined based on a VIU discounted cash flow model.

VIU calculations use cash flow projections based on the 2018 financial budget extended over the subsequent four year period ("forecast period") using estimated growth rates. Cash flows beyond the five year period are extrapolated using growth rates that do not exceed the long term average growth rate for the business in which the CGU operates.

The estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Discount rates used in both calculations are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

Key assumptions

Commercial radio broadcasting CGU's

Assumptions used in the value in use calculation include a pre-tax discount rate of 13.5% (2016: 13.5%), revenue and operating cost growth rates of 4% and 3% respectively and a long term growth rate of 2.5% (2016: 2.5%).

As at 31 March 2017, no reasonable increase in the discount rate to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity would result in the commercial radio CGU carrying amount exceeding its recoverable amount. If either the revenue growth assumption was to decrease from 4% to below 0% or the operating expense growth assumption was to increase from 3% to 11.5% over the forecast period it would result in the commercial radio broadcasting CGU's carrying amount exceeding its recoverable amount.

Security screens CGU

Assumptions used in the value in use calculation include a pre-tax discount rate of 15.25% (2016:14.5%), revenue and operating cost growth rates of 4% and 3% respectively and a long term growth rate of 2.5%.

As at 31 March 2017, no reasonable increase in the discount rate to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity would result in the security screen CGU carrying amount exceeding its recoverable amount. If either the revenue growth assumption was to decrease from 4% to below 0% or the operating expense growth assumption was to increase from 3% to 9% over the forecast period it would result in the security screen CGU carrying amount exceeding its recoverable amount.

Notes to the Financial Statements: Group Structure

For the year ended 31 March 2017

17 Investments accounted for using the equity method

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.

Name of entity	Principal activity	% of ownership interest		Carrying amount	
		2017	2016	2017	2016
		%	%	\$'000	\$'000
Cohort Holdings Australia Pty Ltd ("Cohort")	Online lead generation	—	50.00	—	6,824

During the year the Consolidated Entity disposed of its interest in Cohort.

Recognition and measurement

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 or 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 are changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Key judgment: equity accounting of investment in Cohort prior to disposal

Notwithstanding the ownership level of 50.0% in the period prior to disposal, the Consolidated Entity did not have the capacity to control the activities and decision making of Cohort as the investment was a jointly controlled entity under the terms of a shareholders' agreement. Accordingly, the equity method of accounting was applied.

Key judgement: contingent consideration on disposal of Cohort

During the year the Consolidated Entity disposed of its interest in Cohort. On completion OCP received initial proceeds of \$7.5million in cash and 3.3 million PureProfile Limited ("PPL") shares issued at a price of \$0.45 per share. \$0.5 million of the cash proceeds has been escrowed until October 2017 and the PPL shares are escrowed until May 2018.

Conditional on Cohort achieving certain revenue and EBITDA levels OCP will receive further consideration by way of two tranches of earn-out payable in the third quarter of the 2017 calendar year:

- 1) OCP will receive a first earn-out tranche of \$2 million payable in PPL shares issued at a price of \$0.45 per share, subject to Cohort achieving normalised EBITDA of \$4 million for the year ending 30 June 2017. These PPL shares will be escrowed until May 2018.
- 2) OCP will, subject to the achievement of certain revenue and operational targets, receive its 50% share of a second earn-out tranche to a maximum of \$7.5 million payable to OCP, calculated by multiplying any excess of Cohort's year to June 2017 normalised EBITDA over \$4 million by a multiple of 5 or 6 depending on the circumstances. The first \$5 million of any second earn-out tranche is payable to OCP in cash or PPL shares at OCP's election with any amount over \$5 million payable to OCP in cash or PPL shares at the election of PPL.

Due to the uncertainty in reliably measuring the amount of any contingent consideration until after 30 June 2017, the Consolidated Entity has not recognised any of the above further consideration at 31 March 2017

Notes to the Financial Statements: Group Structure

For the year ended 31 March 2017

18 Subsidiaries

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following entities:

Name of entity	Country of incorporation	Class of shares / units	Effective Equity Holding (%)	
			2017	2016
AEP Signature Holdings Pty Ltd	Australia	Ordinary	100.0	100.0
AEP Signature Trust	Australia	Units	99.7	99.7
EON Broadcasting Pty Ltd	Australia	Ordinary	95.0	95.0
Sunshine Coast Broadcasters Pty Ltd	Australia	Ordinary	95.0	95.0
OCP Shelf 2 Pty Ltd	Australia	Ordinary	100.0	100.0
EON 2CH Pty Ltd	Australia	Ordinary	85.5	—
Radio 2CH Pty Ltd	Australia	Ordinary	85.5	—
Crimsafe Holdings Pty Ltd	Australia	Ordinary	97.0	97.0
Crimsafe Security Systems Pty Ltd	Australia	Ordinary	97.0	97.0
Proline Quality Finishing Pty Ltd	Australia	Ordinary	97.0	97.0
IPH International Pty Ltd	Australia	Ordinary	97.0	97.0
IP Unit Trust	Australia	Units	97.0	97.0
Crimsafe North America, LLC	USA	Ordinary	97.0	97.0

Recognition and measurement

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 2017 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.

Notes to the Financial Statements: Group Structure

For the year ended 31 March 2017

19 Business combination

On 19 January 2017 EON 2CH Pty Ltd (formerly EON Shelf Pty Ltd), a 85.5% held subsidiary of the Consolidated Entity, acquired a 100% interest in the equity of Radio 2CH Pty Ltd ("Radio 2CH"). Radio 2CH operates an AM radio station, 2CH 1170AM, along with associated DAB+ spectrum in the Sydney metro area. The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value recognised on acquisition \$'000
Trade and other receivables	287
Property, plant and equipment	1,610
Deferred tax asset	74
Intangible assets – radio licence	2,410
Trade and other payables	(204)
Deferred tax liability	(723)
Employee benefit obligations	(69)
Net identifiable assets acquired	3,385
Add: goodwill	1,880
Net assets acquired	5,265
Cash balances acquired	295
	5,560

From the date of acquisition Radio 2CH contributed revenue of \$0.3 million and a loss before tax of \$0.2 million. It is not practicable to determine the effect on revenue and profit of the Consolidated Entity had the acquisition taken place on 1 April 2016. Goodwill is attributable to various factors including value of growth and synergy opportunities.

Recognition and measurement

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.

Notes to the Financial Statements: Unrecognised Items

For the year ended 31 March 2017

20 Commitments and contingencies

Non-cancellable operating leases

The Consolidated Entity leases various offices and warehouses under non-cancellable operating leases expiring within 1 to 4 years. These leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	2017 \$'000	2016 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,496	1,655
Later than one year but not later than five years	3,152	3,576
	4,648	5,231

Included in the lease commitments disclosed above in relation to the prior year are amounts totalling \$0.92 million relating to lease commitments of jointly controlled entities.

During the year the Consolidated Entity recognised \$1,428,482 (2016: \$1,495,816) operating lease costs as an expense.

The Consolidated Entity had no material contingent liabilities at 31 March 2017 (2016: Nil).

21 Events after the reporting date

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

Notes to the Financial Statements: Other

For the year ended 31 March 2017

22 Parent entity disclosures

	2017 \$'000	2016 \$'000
Result of the parent entity		
Profit for the year	2,250	1,393
Other comprehensive income	—	—
Total comprehensive income for the period	2,250	1,393
Financial position of the parent entity at period end		
Current assets	28,000	25,289
Total assets	83,369	81,320
Current liabilities	255	492
Total liabilities	334	535
Total equity of the parent comprising:		
Share Capital	243,359	243,359
Reserves	25,690	25,690
Accumulated losses	(186,014)	(188,264)
	83,035	80,785
Operating lease commitments		
Within one year	—	3

Contingent liabilities of the Company at 31 March 2017 are detailed in note 20. The company had no capital expenditure or investment commitments at 31 March 2017.

23 Auditors' remuneration

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

	2017 \$	2016 \$
Audit services		
BDO East Coast Partnership:		
Statutory audit and review of financial reports	151,500	138,322
BDO (QLD) Pty Limited:		
Statutory audit and review of financial reports	50,000	40,000
Non-Audit services		
BDO East Coast Partnership:		
Other services – tax advisory and consulting	57,600	42,013

Notes to the Financial Statements: Other

For the year ended 31 March 2017

24 Related party transactions

Ultimate controlling entity

Rivetprops 47 (Pty) Ltd (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 the end of the reporting period:

Directors

Robert Moran (Chairman)

Michael Jacobson (Executive Director)

Brian Scheiner (Executive Director)

Executive

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

a) Details of remuneration

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

	2017 \$	2016 \$
Short-term employee benefits	1,004,229	1,152,559
Other- long term benefits	13,223	(2,215)
Post-employment benefits	94,884	94,340
	1,112,346	1,244,684

Remuneration paid to directors of parent company, HCI Australian Operations Pty Ltd, during the period was \$974,346 (2016: \$1,000,684).

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.

25 Other accounting policies

a) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2017 reporting period. The Consolidated Entity has assessed the impact of these new standards, and does not expect that the initial application of these will materially affect any of the amounts recognised in the financial report, but may change disclosures made in relation to the Consolidated Entity;

– AASB 15 – *Revenue from contracts with customers* – effective for accounting periods commencing 1 January 2017

– AASB 16 – *Leases* – effective for accounting periods commencing 1 January 2019.

b) New and amended accounting standards adopted by the Consolidated Entity

A number of new and amended accounting standards became applicable in the current financial year. The Consolidated Entity did not have to change its accounting policies or make and retrospective adjustments as a result of adopting these new or amended accounting standards.

Director's Declaration

For the year ended 31 March 2017

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

a) The consolidated financial statements and notes set out on pages 11 to 41 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 2017 and of its performance for the financial year ended on that date; and
- ii) Complying with Australian Accounting Standards, other mandatory professional reporting requirements 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 the notes to the financial statements, which include a statement of compliance with International Financial Reporting Standards on page 17.

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 year ended 31 March 2017.

Signed in accordance with a resolution of the Directors.



Robert Moran

Chairman

Dated at Sydney this 24th day of May 2017.

INDEPENDENT AUDITOR'S REPORT

To the members of Oceania Capital Partners Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Oceania Capital Partners Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 31 March 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 March 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Acquisition of Radio 2CH Pty Ltd</p> <p>During the year, the Group acquired an ownership interest in Radio 2CH Pty Limited. Note 19 to the financial statements, contains the Group's accounting policy for the business combination and a summary of the assets acquired at fair value at the date of acquisition.</p> <p>The total purchase consideration was \$5.56m for which the identifiable net assets acquired were \$3.40m, cash acquired of \$0.29m and goodwill of \$1.87m.</p> <p>The acquisition was significant to our audit because of the estimates and judgements involved in determining the fair value of the net identifiable assets acquired.</p>	<p>To address this key audit matter, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the relevant share sale agreement • Agreeing the purchase consideration payable to the share sale agreement • Utilising our corporate finance specialists to assist with critically assessing management's valuation of the radio license acquired, including comparing the valuation assumptions against external benchmarks • Evaluating management's determination of the fair value of the remaining net identifiable assets acquired and the resultant goodwill. <p>We also evaluated the presentation and disclosures of the transaction within the financial statements.</p>

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Impairment assessment of intangible assets</p> <p>The Group's intangible assets consist of radio licences, brand name and related trademarks and goodwill. As at 31 March 2017, the intangible assets balance was \$48.8m which is material to the financial statements. Details of the Group's intangibles and accounting policy can be found in Note 8.</p> <p>Under AASB 138, the Group is required to test intangibles assets with indefinite useful lives and goodwill annually for impairment indicators.</p> <p>Note 16, details the Group's accounting policy for impairment of intangible assets and the key assumptions and judgements management have made in applying that policy.</p>	<p>To address the key audit matter, our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Evaluating actual performance against historical forecasts, obtaining explanations and ensuring necessary adjustments to operating margins and growth rates were considered in the forecasts • Reviewing the reasonableness of these assumptions against external benchmarks and in particular evaluating the appropriateness of the cost of capital and the discount rate applied • Performing sensitivity analysis around those assumptions that impact significantly on the recoverable amount.

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
Impairment assessment of intangible assets (continued) <p>In addition to the significant balance at year end, this annual impairment test was significant to our audit because management's assessment process is complex and highly judgmental and is based on assumptions, which are affected by expected future market or economic conditions.</p>	<p>We also assessed the adequacy of the disclosures regarding asset carrying values and those assumptions pertaining to impairment testing including sensitivity of those that have the most significant effect on the determination of recoverable amounts.</p>

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 March 2017, but does not include the financial report and the auditor's report thereon. The Group's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to the Directors.

Responsibilities of the directors for the Financial Report

The directors of the Company 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

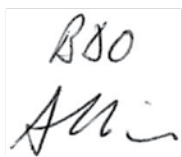
We have audited the Remuneration Report included in pages 7 to 9 of the directors' report for the year ended 31 March 2017.

In our opinion, the Remuneration Report of Oceania Capital Partners Limited, for the year ended 31 March 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO East Coast Partnership



Arthur Milner
Partner

Sydney, 24 May 2017

Shareholder Information

For the year ended 31 March 2017

Substantial shareholders

The number of shares held by substantial shareholders as at 24 May 2017 as disclosed in substantial shareholder notices received by the Company were:

Name	Number of shares held	% of issued shares
HCI Australian Operations Pty Ltd ("HCIA")	21,046,213	59.74%
Rivetprops 47 (Pty) Ltd (in relation to the shares held by HCIA)	21,046,213	59.74%
Brian Scheiner	2,281,430	6.48%
Michael Alon Jacobson	2,222,701	6.31%

Voting rights

Oceania Capital Partners Limited fully paid ordinary shares carry voting rights of one vote per share.

Distribution of members and their holdings

Size of holdings	Number of shareholdings
1-1,000	347
1,001-5000	193
5,001 -10,000	55
10,001-100,000	66
100,001 and over	21

There were 188 shareholders that hold less than a marketable parcel of Oceania Capital Partners Limited shares.

There were 2.49 percent of shareholders with registered addresses outside Australia.

Twenty Largest shareholders

Twenty largest shareholders of ordinary shares on the Company's share register as at 24 May 2017 were:

Name	Number of shares held	% of issued shares
HCI AUSTRALIAN OPERATIONS PTY LTD	19,823,899	56.27
MR BRIAN SCHEINER	1,510,000	4.29
MR MICHAEL ALON JACOBSON	1,507,701	4.28
CITICORP NOMINEES PTY LIMITED	1,406,564	3.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,320,489	3.75
HCI AUSTRALIAN OPERATIONS PTY LTD	1,222,314	3.47
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,076,318	3.05
MR BRIAN SCHEINER	771,430	2.19
MRS LESLEY JEAN JACOBSON	715,000	2.03
DAVID DOYLE	416,666	1.18
RHC MANAGEMENT PTY LTD <MACAULAY SUPER FUND A/C>	412,500	1.17
MR LIONEL WINSTON BALDWIN	357,144	1.01
RHC MANAGEMENT PTY LIMITED <SECOND MORAN FAMILY A/C>	319,369	0.91
MRS ALVEEN MADGE BALDWIN	250,000	0.71
MR RICHARD MEWS + MRS WEE KHOON MEWS <MEWS SUPER FUND A/C>	221,202	0.63
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	209,024	0.59
ROBERT BERNARD MORAN	204,119	0.58
A T WHITTENBURY & CO PTY LIMITED	201,125	0.57
J P MORGAN NOMINEES AUSTRALIA LIMITED	200,755	0.57
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	161,708	0.46

Corporate Directory

For the year ended 31 March 2017

ABN

52 111 554 360

CHAIRMAN

Robert Moran

DIRECTORS

Michael Jacobson

Brian Scheiner

COMPANY SECRETARY

Lionel Baldwin

REGISTERED OFFICE

Suite 61, Level 3

14 Narabang way

Belrose NSW 2085

Australia

Telephone: +61 2 9450 0935

Fax: +61 2 9475 0215

SHARE REGISTRY

Computershare Investor Services Pty Limited

Yarra Falls

452 Johnston Street

Abbotsford, VIC 3067

Telephone: +61 3 9415 4000

Fax: +61 3 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





www.oceaniacapital.com.au