

Oceania Capital Partners Limited

Half-year Report

For the six months ended 30 September 2017

Half-year Report

For the half-year ended 30 September 2017

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About this report

This Half-year Report is a summary of Oceania Capital Partners Limited and its subsidiary companies' operations and financial positions as at 30 September 2017 and performance for the half-year ended on that date. In this report references to 'OCP', 'the Company' and 'the Consolidated Entity' refer to Oceania Capital Partners Limited (ABN 52 111 554 360) unless otherwise stated. References in this report to the 'half-year' are to the financial period 1 April 2017 to 30 September 2017 unless otherwise stated. The previous corresponding period is the half-year ended 30 September 2016. All dollar figures are expressed in Australian dollars unless otherwise stated.

Half-year Report: Directors' Report
For the half-year ended 30 September 2017

The Directors submit their report together with the financial report of the Consolidated Entity comprising Oceania Capital Partners Limited ("the Company" or "OCP") and its controlled entities (together "the Consolidated Entity") for the half-year ended 30 September 2017 and the Auditor's report thereon.

Directors

The names of the directors of the Company in office during the half-year and until the date of this report are shown below:

Robert Moran	(Non-executive Chairman)
Michael Jacobson	(Executive Director)
Brian Scheiner	(Executive Director)

Operating and financial review

The principal activity of the Consolidated Entity during the course of the current and prior reporting periods was investment. The Consolidated Entity 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 investing capital in businesses which have characteristics of resilience and will grow over the investment period, enabling a successful, profitable exit for the Company.

The Consolidated Entity's principal investments during the period under review were:

- 95% interest in EON Broadcasting Pty Ltd ("EON"), the owner and operator of two commercial FM radio stations on the Queensland Sunshine Coast through its subsidiary Sunshine Coast Broadcasters Pty Ltd ("SCB");
- 85.5% interest in EON 2CH Pty Ltd ("EON 2CH"), the owner and operator of a commercial AM radio station in Sydney through its subsidiary Radio 2CH Pty Ltd ("Radio 2CH");
- 24.875% interest in BC Holdings 1 Pty Ltd ("BC Holdings" or "Baycorp"), a receivables management company;
- 97% interest in the Crimsafe group of entities.

There were no significant changes in the affairs of the Consolidated Entity during the financial period under review.

On 21 November 2017 OCP announced the commencement of a contractual process for the disposal of their entire remaining interest in Baycorp to Encore Australia Holdings II Pty Ltd, an indirect, wholly owned subsidiary of Encore Capital Group, Inc. ("Encore"). OCP expects that the outcome of that process is that it will receive \$18.2 million for its remaining interest in Baycorp ("the OCP Proceeds") with settlement expected to occur on or before 3 January 2018. OCP has also entered into an agreement with Encore to extend the period during which Encore may lodge a warranty claim in relation to certain specified circumstances ("the Extended Warranty Period"). \$1 million of the OCP Proceeds will be placed in escrow to support any liability arising from any such claim. The quantum of a claim that may arise during the Extended Warranty Period is not limited to the amount placed in escrow.

Results for the period

The net profit after tax of the Consolidated Entity for the half year to 30 September 2017 was \$3.1 million (2016: \$3.3 million).

The current period result includes:

- Interest income of \$0.2 million (2016: \$0.2 million);
- Revenue of \$6.9 million (2016: \$5.4 million) and profit before interest and tax of \$0.7 million (2016: \$1.8 million) from the operations of the Consolidated Entity's radio assets, SCB and Radio 2CH. Radio 2CH was acquired in January 2017. Accordingly, the prior comparable period figures represent SCB only;

Half-year Report: Directors' Report

For the half-year ended 30 September 2017

- Revenue of \$19.5 million (2016: \$18.2 million) and profit before interest and tax of \$1.6 million (2016: \$2.2 million) from the operations of Crimsafe;
- \$3.2 million earn-out consideration from the disposal of Cohort Holdings Australia Pty Ltd ("Cohort"). This earn-out consideration was determined in August 2017 following finalisation of the June 2017 Cohort results. The earn-out consideration is to be settled as to \$2.3 million in cash and the issue of 4.44 million listed shares in PureProfile Ltd ("PPL"). The PPL shares were issued on 8 November 2017 and are escrowed until 6 May 2018. \$0.5 million of the cash was received on 6 November 2017. The balance of the cash is due to be received on 30 November 2017. The Consolidated Entity did not recognise any portion of the earn-out consideration in the previous reporting period.
- Transaction costs amounting to \$0.2 million associated with the Cohort earn-out consideration, the prior period includes \$0.1 million of transaction costs associated with the Cohort sale. \$0.5 million mark-to-market downward fair value adjustment to the carrying value of PPL shares received in November 2016 as part of the initial proceeds on the sale of Cohort;
- A \$0.8m million mark-to-market downward fair value adjustment to the carrying value of other listed shares (2016: \$0.1 million downward) and \$0.4 million (2016: \$0.4 million) dividend income from other listed securities;
- The prior period includes an equity accounted profit of \$0.6 million from Cohort.

Financial position

At 30 September 2017 the Consolidated Entity had net assets of \$98.1 million (31 March 2017: \$95.1 million).

At 30 September 2017 the Consolidated Entity had cash at bank of \$16.2 million (31 March 2017: \$17.9 million) of which \$11.9 million represents investable cash.

At 30 September 2017 the Consolidated Entity's borrowings amounted to \$10.9 million (31 March 2017: \$11.6 million). Borrowings relate to the bank borrowings of the following subsidiaries:

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

These borrowings are non-recourse to the Consolidated Entity.

Dividends

No final dividend for the period ended 31 March 2017 was proposed or declared. No interim dividend has been proposed or declared for the period ended 30 September 2017.

Events subsequent to reporting date

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

Likely developments and prospects

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

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the period ended 30 September 2017.

Half-year Report: Directors' Report
For the half-year ended 30 September 2017

Rounding of amounts

The Company is of a kind referred to in ASIC legislative instrument 2016/191 dated 29 March 2016 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 23rd day of November 2017

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

As lead auditor for the review of Oceania Capital Partners Limited for the half-year ended 30 September 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 23 November 2017

Half-year Financial Report

For the half-year ended 30 September 2017

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Consolidated income statement

For the half-year ended 30 September 2017

		September 2017 \$'000	September 2016 \$'000
Revenue from sales		26,386	23,601
Interest income		154	163
Dividend income		383	359
Total revenue		<u>26,923</u>	<u>24,123</u>
Profit on sale of financial assets	2	3,166	44
Share of profit of jointly controlled entities		-	577
Fair value adjustment of financial assets		(1,313)	(100)
Total operating income		<u>28,776</u>	<u>24,644</u>
Raw materials and inventory		(10,860)	(9,974)
Due diligence and transaction costs		(153)	(40)
Broadcast production costs		(587)	(385)
Employee benefits expense		(6,140)	(5,003)
Selling costs		(998)	(846)
Promotions and marketing		(2,641)	(1,542)
Administration and other operating expenses		(3,421)	(2,442)
Depreciation		(310)	(237)
Financing costs		(271)	(336)
Profit before income tax		<u>3,395</u>	<u>3,839</u>
Income tax expense		(329)	(533)
Profit for the period		<u>3,066</u>	<u>3,306</u>
Net profit attributable to:			
Equity holders of the parent entity		3,147	3,227
Non-controlling interests		(81)	79
		<u>3,066</u>	<u>3,306</u>
Earnings per share attributable to equity holders of the parent		Cents	Cents
Basic earnings per share	5	8.93	9.16
Diluted earnings per share	5	8.93	9.16

Consolidated statement of comprehensive income
For the half-year ended 30 September 2017

	September 2017 \$'000	September 2016 \$'000
Profit for the period	3,066	3,306
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(4)	20
Total other comprehensive (loss) income for the period, net of income tax	(4)	20
Total comprehensive income for the period	<u>3,062</u>	<u>3,326</u>
Total comprehensive income for the period attributable to:		
Equity holders of the parent entity	3,143	3,247
Non-controlling interests	(81)	79
	<u>3,062</u>	<u>3,326</u>

Consolidated balance sheet

For the half-year ended 30 September 2017

		September 2017 \$'000	March 2017 \$'000
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		16,159	17,918
Trade and other receivables		10,153	8,617
Inventory		5,110	6,529
Other financial assets	3	18,282	14,756
Total current assets		<u>49,704</u>	<u>47,820</u>
Non-current assets			
Other receivables		965	917
Other financial assets	3	18,170	19,504
Property, plant and equipment		3,821	3,382
Intangible assets		46,790	46,790
Deferred tax assets		950	412
Total non-current assets		<u>70,696</u>	<u>71,005</u>
Total assets		<u>120,400</u>	<u>118,825</u>
LIABILITIES			
Current liabilities			
Trade and other payables		3,818	4,706
Borrowings		4,095	4,208
Current tax liabilities		372	456
Employee benefits		581	467
Total current liabilities		<u>8,866</u>	<u>9,837</u>
Non-current liabilities			
Borrowings		6,800	7,368
Employee benefits		329	277
Deferred tax liabilities		6,273	6,273
Total non-current liabilities		<u>13,402</u>	<u>13,918</u>
Total liabilities		<u>22,268</u>	<u>23,755</u>
Net assets		<u>98,132</u>	<u>95,070</u>
EQUITY			
Share capital	4	243,359	243,359
Reserves		25,681	25,685
Accumulated losses		(172,197)	(175,344)
Equity attributable to owners of Oceania Capital Partners Limited		<u>96,843</u>	<u>93,700</u>
Non-controlling interests		1,289	1,370
Total equity		<u>98,132</u>	<u>95,070</u>

Consolidated cash flow statement

For the half-year ended 30 September 2017

	September 2017 \$'000	September 2016 \$'000
Cash flows from operating activities		
Receipts from customers	27,400	25,825
Payments to suppliers and employees	(26,656)	(23,226)
Interest received	109	140
Income taxes paid	(951)	(1,144)
Net cash (outflow) inflow from operating activities	<u>(98)</u>	<u>1,595</u>
Cash flows from investing activities		
Proceeds from realisation of financial assets	-	142
Dividends received	74	358
Payments for purchase of property, plant and equipment	(750)	(371)
Payments for purchase of other financial assets	(30)	(3,317)
Baycorp sale proceeds released from escrow	-	1,854
Net cash outflow from investing activities	<u>(706)</u>	<u>(1,334)</u>
Cash flows from financing activities		
Repayment of borrowings	(684)	(952)
Payment of interest and borrowing costs	(271)	(336)
Net cash outflow from financing activities	<u>(955)</u>	<u>(1,288)</u>
Net decrease in cash and cash equivalents	(1,759)	(1,027)
Cash and cash equivalents at the beginning of the half-year	<u>17,918</u>	<u>17,165</u>
Cash and cash equivalents at the end of the half-year	<u>16,159</u>	<u>16,138</u>

Consolidated statement of changes in equity

For the half-year ended 30 September 2017

	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 2016	243,359	25,690	(47)	(183,155)	85,847	819	86,666
Profit for the year	-	-	-	3,227	3,227	79	3,306
Other comprehensive income	-	-	20	-	20	-	20
Total comprehensive income for the half-year	-	-	20	3,227	3,247	79	3,326
Balance at 30 September 2016	243,359	25,690	(27)	(179,928)	89,094	898	89,992
Balance at 1 April 2017	243,359	25,690	(5)	(175,344)	93,700	1,370	95,070
Profit for the year	-	-	-	3,147	3,147	(81)	3,066
Other comprehensive income	-	-	(4)	-	(4)	-	(4)
Total comprehensive income for the half-year	-	-	(4)	3,147	3,143	(81)	3,062
Balance at 30 September 2017	243,359	25,690	(9)	(172,197)	96,843	1,289	98,132

Notes to the financial statements: About this report
For the half-year ended 30 September 2017

1. Corporate information

The financial report of Oceania Capital Partners Limited (referred to as 'OCP', 'the Company' or 'the Consolidated Entity') for the half-year ended 30 September 2017 was authorised for issue in accordance with a resolution of the directors on 23 November 2017. OCP is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('the ASX').

2. Basis of preparation and accounting policies

(a) Basis of preparation

This general purpose interim financial report for the half-year ended 30 September 2017 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Consolidated Entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the annual financial report. It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 March 2017 and considered with any public announcements made by the Company during the half-year ended 30 September 2017 in accordance with the continuous disclosure obligations of the ASX Listing Rules. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the class order applies.

2. Basis of preparation and accounting policies (continued)

(b) Significant accounting policies

Except as noted below, the same accounting policies and methods of computation have been applied by each entity in the consolidated group and are consistent with those adopted and disclosed in the most recent annual financial report.

New and revised Accounting Standards and Interpretations

The adoption of new and amended standards and interpretations has not resulted in a material change to the financial performance or position of the Company. All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 April 2017 to the Group have been adopted and include:

- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations*
- AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

Notes to the financial statements: Key numbers
For the half-year ended 30 September 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 half year 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 a manner that reflects the management information is 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)	
	September	September	September	September
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Commercial radio broadcasting	6,926	5,442	721	1,789
Security screens	19,460	18,159	1,637	2,189
Digital lead generation	-	-	2,496	577
Unallocated	-	-	(413)	303
	<u>26,386</u>	<u>23,601</u>	<u>4,441</u>	<u>4,858</u>
Interest income			154	163
Finance costs			(271)	(336)
Central administration and employee costs			(929)	(846)
Profit before tax from continuing operations			<u>3,395</u>	<u>3,839</u>

Segment revenue 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.

Notes to the financial statements: Key numbers
For the half-year ended 30 September 2017

1. Segment information (continued)

Segment assets and liabilities

	September 2017 \$'000	March 2017 \$'000
Segment assets		
Commercial radio broadcasting	31,871	31,257
Financial services	18,170	18,170
Digital lead generation	4,483	1,834
Security screens	38,944	38,635
Total segment assets	<u>93,468</u>	<u>89,896</u>
Unallocated	26,932	28,929
Total assets	<u>120,400</u>	<u>118,825</u>
Segment liabilities		
Commercial radio broadcasting	8,081	8,752
Digital lead generation	153	-
Security screens	13,814	14,669
Total segment liabilities	<u>22,048</u>	<u>23,421</u>
Unallocated	220	334
Total liabilities	<u>22,268</u>	<u>23,755</u>

Goodwill is allocated to the relevant segment.

2. Profit on sale of financial assets

	September 2017 \$'000	September 2016 \$'000
Cohort earn-out consideration	3,166	-
Other	-	44
	<u>3,166</u>	<u>44</u>

The Cohort earn-out consideration was determined in August 2017 following finalisation of the June 2017 Cohort results. The earn-out consideration is to be settled as to \$2.3 million in cash and the issue of 4.44 million listed shares in PureProfile Ltd. The Consolidated Entity did not recognise any portion of the earn-out consideration in the previous reporting period.

Notes to the financial statements: Assets
For the half-year ended 30 September 2017

3. Other financial assets

	September 2017 \$'000	March 2017 \$'000
<i>Current</i>		
<i>Other financial assets through profit or loss</i>		
Investment in listed securities	13,799	14,256
<i>Other</i>		
Escrowed sale proceeds	1,317	500
Earn-out consideration receivable	3,166	-
	18,282	14,756
<i>Non-current</i>		
<i>Other financial assets through profit or loss</i>		
Investment in BC Holdings 1 Pty Limited	18,170	18,170
<i>Other</i>		
Escrowed sale proceeds	-	1,334
	18,170	19,504

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 was released from escrow on 8 November 2017. The PPL shares are escrowed until May 2018.

Earn-out consideration receivable consists of \$2.3 million in cash and 4.44 million ordinary PPL shares due from PPL following sale of Cohort Holdings Australia Pty Ltd ("Cohort") in the prior financial year. The PPL shares were issued on 8 November 2017 and are escrowed until May 2018. \$0.5 million of the cash was received on 6 November 2017. The balance of the cash is due to be received on 30 November 2017.

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)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 September 2017				
<i>Financial assets designated at fair value through profit or loss</i>				
Other listed securities	13,799	-	-	13,799
Escrowed sale proceeds – listed shares	817	-	-	817
Earn-out consideration receivable	-	871	-	871
Unlisted investment in BC Holdings 1 Pty Ltd	-	-	18,170	18,170
	14,616	871	18,170	33,657

Notes to the financial statements: Assets
For the half-year ended 30 September 2017

3. Other financial assets (continued)

31 March 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets designated at fair value through profit or loss</i>				
Other listed securities	14,256	-	-	14,256
Escrowed sale proceeds – listed shares	1,334			1,334
Unlisted investment in BC Holdings 1 Pty Ltd	-	-	18,170	18,170
	<u>15,590</u>	<u>-</u>	<u>18,170</u>	<u>33,760</u>

(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 an imputed value of \$66 million plus any additional capital contributions made after October 2015 for the whole of BC Holdings. On 21 November 2017 the Consolidated Entity announced the commencement of the contractual process for the disposal of their entire remaining interest in BC Holdings. The Consolidated Entity expects that the outcome of that process is that it will receive \$18.2 million for its remaining interest in BC Holdings with settlement expected to occur on or before 3 January 2018.

Part of the Cohort earn-out consideration consists of the right to receive 4.44 million shares in ASX listed PPL. The value of this portion of the Cohort earn-out consideration has been derived based on the closing price of the PPL shares on 30 September 2017 and considering other factors such as the escrow restrictions that apply to these shares.

(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.

Notes to the financial statements: Capital
For the half-year ended 30 September 2017

4. Share capital

	Company		Company	
	30 September 2017 shares	31 March 2017 shares	30 September 2017 \$'000	31 March 2017 \$'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.

5. Earnings per share

	September 2017	September 2016
	\$cents	\$cents
Basic earnings per share	8.93	9.16
Diluted earnings per share	8.93	9.16
	\$'000	\$'000
Reconciliation of profit used in the calculation of basic earnings per share		
Profit for the period	3,066	3,306
Profit attributable to non-controlling interests	81	(79)
Profit used in the calculation of total basic earnings per share	3,147	3,227
Profit used in the calculation of total diluted earnings per share	3,147	3,227
	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	35,231,572	35,231,572
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	35,231,572	35,231,572

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.

Notes to the financial statements: Unrecognised items
For the half-year ended 30 September 2017

6. Commitments and contingencies

The Consolidated Entity had no material contingent liabilities at 30 September 2017.

7. Events after the reporting date

On 21 November 2017 OCP announced the commencement of a contractual process for the disposal of their entire remaining interest in Baycorp to Encore Australia Holdings II Pty Ltd, an indirect, wholly owned subsidiary of Encore Capital Group, Inc. ("Encore"). OCP expects that the outcome of that process is that it will receive \$18.2 million for its remaining interest in Baycorp ("the OCP Proceeds") with settlement expected to occur on or before 3 January 2018. OCP has also entered into an agreement with Encore to extend the period during which Encore may lodge a warranty claim in relation to certain specified circumstances ("the Extended Warranty Period"). \$1 million of the OCP Proceeds will be placed in escrow to support any liability arising from any such claim. The quantum of a claim that may arise during the Extended Warranty Period is not limited to the amount placed in escrow.

Other than as disclosed above, there have been no significant events subsequent to balance date.

Directors' Declaration

In accordance with a resolution of the directors of Oceania Capital Partners Limited, I note that in the opinion of the directors:

- a. the financial statements and notes, set out on pages 7 to 19, of Oceania Capital Partners Limited for the half-year ended 30 September 2017 are in accordance with the Corporations Act 2001, including:
 - I. giving a true and fair view of the financial position of the Consolidated Entity as at 30 September 2017 and of its performance for the half year ended on that date, and;
 - II. complying with Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001, and;
- b. there are reasonable grounds to believe that Oceania Capital Partners Limited will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Robert Moran
Chairman
Sydney, 23 November 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oceania Capital Partners Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Oceania Capital Partners Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 September 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 September 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'AM', with a horizontal line extending to the right.

Arthur Milner
Partner

Sydney, 23 November 2017