Oceania Capital Partners Limited

(ABN 52 111 554 360)

2020 Financial Report

CONTENTS

The Directors present their report together with the financial report of the Consolidated Entity, comprising Oceania Capital Partners Limited ("the Company" or "OCP") and its controlled entities (together "the Consolidated Entity") for the year ended 31 March 2020 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 18 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 EON Broadcasting Pty Ltd ("EON"), Sunshine Coast Broadcasters Pty Ltd ("SCB") and RZT Holdings Pty Ltd.

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), as director of Keybridge Capital Limited from January 2013 to February 2014. He also represented the Company's interests in Baycorp as a director of Baycorp Holdings Pty Limited, BC Holdings 1 Pty Limited ("BC Holdings"), EON 2CH Pty Ltd ("EON 2CH") and Radio 2CH Pty Ltd ("Radio 2CH")

Robert is also a director of MPower Group 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 Holdings Pty Limited, an alternate director of BC Holdings and a director of Cohort Holdings Australia Pty Ltd ("Cohort"). He is currently a director of Crimsafe Holdings Pty Ltd ("Crimsafe"), RZT Holdings Pty Ltd and Boody Australia Pty Ltd.

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, EON 2CH and Radio 2CH. Brian currently represents the Company as a director of EON, SCB, 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 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	5	5
Robert Moran	5	5
Brian Scheiner	5	5

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.

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

- 98% 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.
- 22.5% interest in Boody Australia Pty Ltd ("Boody")
- 19.68% in WINR Corporation Pty Ltd ('WINR'), acquired in May 2019 and September 2019
- 34.2% interest in RZT Holdings Pty Ltd ("RZT"), acquired in December 2019
- 9.75% interest in TAE Holdings Pty Ltd ("TAE"), acquired in December 2019

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year under review the Company bought back and cancelled 5.4 million shares at a price of $2.30 per share and voluntarily de-listed from the ASX. The Consolidated Entity acquired interests in each of RZT & TAE in December 2019. The WINR acquisitions were made in May and September 2019. On 1 July 2020 the Consolidated Entity disposed of its interest EON 2CH Pty Ltd for $5 million in cash and 10 million shares in Pacific Star Network (ASX: PNW). 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 loss of the Consolidated Entity for the year to 31 March 2020 was $4.0 million (2019: $2.5 million profit).

The current period result includes:

- Interest income of $0.2 million (2019: $0.4 million).
- A realised profit on the disposal of listed securities of $1.4 million (2019: $0.1 million loss).
- A $2.4 million downward (2019: $0.2 million) mark-to-market adjustment to the carrying value of listed securities.
- Revenue of $11.4 million (2019: $12.6 million) and a profit before tax contribution of $3.8 million from the operations of Sunshine Coast Broadcasters Pty Ltd (SCB) (2019: $4.8 million).
- Revenue of $2.5 million (2019: $2.4 million) and a loss before tax contribution of $2.1 million from the operations of Radio 2CH Pty Ltd (2019: $1.9 million loss)
- Revenue of $39.5 million (2019: $39.4 million) and a profit before tax contribution of $2.3 million from the operations of Crimsafe (2019: $2.7 million).
- An impairment of goodwill associated with Crimsafe of $4.0 million (2019: $nil).
- Aggregate share of loss of associates of $0.3 million (2019: $nil).

Financial Position

At 31 March 2020 the Consolidated Entity had net assets of $82.5 million (2019: $99.7 million) and cash at bank of $11.0 million (2019 $22.6 million).

At 31 March 2020 the Consolidated Entity's borrowings amounted to $5.2 million (2019: $7.0 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.

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 was declared or paid during the year. Since the end of the financial year the directors have determined a final dividend of 8 cents per share totalling $2.4 million (2019: $nil). The dividend will be fully franked based on a corporate tax rate of 30%.

SHARE CAPITAL

During the year the Company bought back and cancelled 5,427,350 shares at a price of $2.30 per share.

GOING CONCERN

The economic conditions resulting from the COVID-19 outbreak continue to evolve at the date of this report. In preparing these financial statements, the company has assessed the expected impact of the deteriorating economic conditions on its financial position, liquidity and the future results of operations and no further adjustments are considered necessary to the carrying value of assets and liabilities held at balance date or the results of the company's operations

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	2,385,427
Robert Moran	600,000
Brian Scheiner	2,371,430

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 21 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 8 and forms part of the Directors' Report for the year ended 31 March 2020.

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 6th day of July 2020

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Australia

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

As lead auditor of Oceania Capital Partners Limited for the year ended 31 March 2020, 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.

Grant Saxon
Partner

BDO East Coast Partnership

Sydney, 6 July 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

In thousands of dollars	Note	2020	2019
Revenue from sales	1	53,417	54,298
Other income	1	1,090	1,303
Total revenue		**54,507**	**55,601**
Profit (loss) on sale of financial assets		1,473	(145)
Share of loss of equity accounted investments		(307)	-
Fair value adjustment of financial assets		(2,434)	(206)
Total operating income		**53,239**	**55,250**
Raw materials and inventory		(21,467)	(21,743)
Broadcast production costs		(1,104)	(1,149)
Employee benefits expense		(14,373)	(13,148)
Selling costs		(2,051)	(2,024)
Promotions and marketing		(4,514)	(4,325)
Administration and other operating expenses		(6,085)	(7,445)
Depreciation – property, plant & equipment	6	(946)	(726)
Depreciation – right-of-use assets		(984)	-
Finance costs – lease liabilities		(294)	-
Finance costs – other		(277)	(432)
Impairment of goodwill		(4,000)	-
(Loss) profit before income tax		(2,856)	4,258
Income tax expense	2	(1,247)	(1,722)
(Loss) profit for the year		(4,103)	2,536
Attributable to:			
Equity holders of the parent entity		(3,998)	2,471
Non-controlling interests		(105)	65
(Loss) profit for the year		(4,103)	2,536

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

In thousands of dollars	Note	2020	2019
(Loss) profit for the year		(4,103)	2,536
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(590)	(158)
Other comprehensive loss for the year, net of tax		(590)	(158)
Total comprehensive (loss) income for the year		(4,693)	2,378
Attributable to:			
Equity holders of the parent entity		(4,570)	2,318
Non-controlling interests		(123)	60
Total comprehensive (loss) income for the year		(4,693)	2,378

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

In thousands of dollars	**Note**	**2020**	**2019**
ASSETS			
Current assets			
Cash and cash equivalents	3	11,033	22,627
Trade and other receivables	4	11,327	10,463
Inventory	5	9,251	8,381
Other financial assets	9	11,053	20,700
Current tax assets		269	181
Total current assets		42,933	62,352
Non-current assets			
Other receivables	4	1,612	1,571
Other financial assets		4,750	-
Investments accounted for using the equity method	16	7,111	5,063
Property, plant and equipment	6	4,581	4,690
Right-of-use assets	7	11,580	-
Intangible assets	8	42,790	46,790
Deferred tax assets	2	3,090	335
Total non-current assets		75,514	58,449
Total assets		118,447	120,801
LIABILITIES			
Current liabilities			
Trade and other payables		8,614	6,404
Borrowings	13	1,562	6,149
Lease liabilities	7	1,051	-
Current tax liabilities		92	525
Employee benefits		999	802
Total current liabilities		12,318	13,880
Non-current liabilities			
Borrowings	13	3,719	813
Lease liabilities	7	10,901	-
Employee benefits		202	189
Deferred tax liabilities	2	8,861	6,273
Total non-current liabilities		23,683	7,275
Total liabilities		36,001	21,155
Net assets		82,446	99,646
EQUITY			
Share capital	10	230,876	243,359
Reserves	11	24,941	25,513
Accumulated losses		(173,911)	(169,913)
Equity attributable to owners of Oceania Capital Partners Limited		81,906	98,959
Non-controlling interests		540	687
Total equity		82,446	99,646

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

In thousands of dollars		Share capital	Equity reserve	Foreign exchange translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Balance at 1 April 2018		243,359	25,690	(24)	(170,872)	98,153	961	99,114
Profit for the year		-	-	-	2,471	2,471	65	2,536
Other comprehensive losses	11	-	-	(153)	-	(153)	(5)	(158)
Total comprehensive (losses) income for the year		-	-	(177)	2,471	2,318	60	2,378
Transactions with owners in their capacity as owners								
Dividend paid		-	-	-	(1,057)	(1,057)	-	(1,057)
Change in interest in subsidiary		-	-	-	(455)	(455)	(334)	(789)
Balance at 31 March 2019		243,359	25,690	(177)	(169,913)	98,959	687	99,646
Balance at 1 April 2019		243,359	25,690	(177)	(169,913)	98,959	687	99,646
Loss for the year		-	-	-	(3,998)	(3,998)	(105)	(4,103)
Other comprehensive losses	11	-	-	(572)	-	(572)	(18)	(590)
Total comprehensive losses for the year		-	-	(572)	(3,998)	(4,570)	(123)	(4,693)
Transactions with owners in their capacity as owners								
Share buy-back		(12,483)	-	-	-	(12,483)	-	(12,483)
Dividend paid by subsidiary		-	-	-	-	-	(24)	(24)
Balance at 31 March 2020		230,876	25,690	(749)	(173,911)	81,906	540	82,446

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

In thousands of dollars	Note	2020	2019
Cash flows from operating activities			
Receipts from customers		57,608	59,155
Payments to suppliers and employees		(54,598)	(55,340)
Interest received		211	391
Income taxes paid		(1,937)	(1,793)
Net cash inflow from operating activities	3	1,284	2,413
Cash flows from investing activities			
Proceeds from sale of other financial assets		8,687	1,267
Dividends received		866	889
Payments for purchase of property, plant and equipment		(838)	(1,086)
Loans advanced		24	(868)
Payments for purchase of other financial assets		(4,750)	(798)
Proceeds on disposal of interest in BC Holdings		-	1,000
Payment for acquisition of interest in associates		(2,400)	(5,063)
Payment for additional interest in EON Broadcasting		-	(456)
Net cash inflow (outflow) from investing activities		1,589	(5,115)
Cash flows from financing activities			
Share buy-back		(12,483)	-
Dividend paid		-	(1,057)
Dividend paid by subsidiary		(24)	-
Repayment of borrowings		(1,683)	(2,425)
Payment of interest and borrowing costs		(277)	(432)
Net cash outflow from financing activities		(14,467)	(3,914)
Net decrease in cash and cash equivalents		(11,594)	(6,616)
Cash and cash equivalents at the beginning of the year		22,627	29,243
Cash and cash equivalents at the end of the year	3	11,033	22,627

This consolidated financial report for the year ended 31 March 2020 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 financial statements were approved by the Board of Directors on 6 July 2020.

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:

2. Income taxes
5. Inventory
6. Property, plant and equipment
7. Leases
8. Intangible assets
9. Other financial assets
15. Impairment of non-financial assets

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 17.

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.

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

This note explains the impact of the adoption of AASB 16 Leases on the Consolidated Entity's financial statements.

The group has adopted AASB 16 Leases retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in note 7.

On adoption of AASB 16, the Consolidated Entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.31%.

Practical expedients applied

In applying AASB 16 for the first time, the Consolidated Entity has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Consolidated Entity has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Consolidated Entity relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Change in accounting policy (continued)

Measurement of lease liabilities

In thousands of dollars

Operating lease commitments disclosed as at 31 March 2019	3,071
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(580)
(Less): short-term leases not recognised as a liability	(799)
(Less): low-value leases not recognised as a liability	(140)
Add: contracts reassessed as lease contracts	363
Add: adjustments as a result of a different treatment of extension and termination options	3,653
Lease liability recognised as at April 2019	5,568
Current lease liabilities	629
Non-current lease liabilities	4,939
	5,568

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019.

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

In thousands of dollars

Right-of-use assets	Increase	5,568
Deferred tax assets	Increase	1,314
Lease liabilities	Increase	5,568
Deferred tax liabilities	Increase	1,314
Net impact on retained earnings		-

Lessor accounting

The Consolidated Entity did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

1. Income

In thousands of dollars	**2020**	**2019**
Sales revenue		
Advertising revenue	13,921	14,924
Sale of goods	39,496	39,374
Total sales revenue	**53,417**	**54,298**
Other income		
Interest income	224	414
Dividend income	866	889
Total other income	**1,090**	**1,303**

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. 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.

2. Income taxes

Income tax expense recognised in the income statement

In thousands of dollars	**2020**	**2019**
Current tax	1,186	1,665
Deferred tax	61	57
Income tax expense	**1,247**	**1,722**
Deferred income tax in the income statement relates to:		
Tax losses	-	-
Other	61	57
	61	**57**

Reconciliation

In thousands of dollars	**2020**	**2019**
(Loss) profit before tax	(2,856)	4,258
Income tax at the Australian tax rate of 30%	(857)	1,278
Non-deductible expenses	2,177	16
Previously unrecognised tax losses now recouped	(1,051)	(562)
Tax losses not recognised	1,025	1,038
Other	(47)	(48)
Income tax on profit before tax	**1,247**	**1,722**

Unrecognised tax assets

In thousands of dollars	**2020**	**2019**
Tax losses for which no deferred tax asset has been recognised	194,562	192,328
Potential tax benefit at 30%	58,369	57,698

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

In thousands of dollars	**2020**	**2019**
Employee entitlements	309	233
Lease liabilities	2,677	-
Other	104	102
Total deferred tax assets	**3,090**	**335**
Right-of-use assets	2,588	-
Intangible assets	6,273	6,273
Total deferred tax liabilities	**8,861**	**6,273**

2. 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.

3. Cash & cash equivalents

In thousands of dollars	**2020**	**2019**
Cash at bank	2,754	3,679
Deposits at call	8,279	18,948
Total cash & cash equivalents	**11,033**	**22,627**

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

In thousands of dollars	**2020**	**2019**
(Loss) profit for the year	(4,103)	2,536
Non- cash items:		
Depreciation	1,930	726
Goodwill impairment	4,000	-
Fair value movement of financial assets	2,434	206
Share of loss of associates	307	-
(Profit) loss on sale of other financial assets	(1,473)	145
Other non-cash items	(572)	(163)
Dividends received	(866)	(889)
Lease payments	(910)	-
Finance costs	571	432
Changes in assets and liabilities:		
Increase in receivables	(1,117)	(1,235)
Increase in inventories	(871)	(242)
Increase in net current and deferred tax assets and liabilities	(689)	(71)
Increase in creditors	2,459	957
Increase in employee entitlements	184	11
Net cash inflow from operating activities	**1,284**	**2,413**

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.

4. Trade and other receivables

In thousands of dollars	**2020**	**2019**
Current		
Trade receivables	9,983	8,866
Provision for doubtful debts	(15)	(16)
Interest receivable	17	29
Pre-payments and other receivables	1,342	1,584
Total current trade & other receivables	**11,327**	**10,463**
Non-current		
Other loans receivable	1,612	1,571
Total non-current trade & other receivables	**1,612**	**1,571**

Trade receivables past due but not impaired

In thousands of dollars	**2020**	**2019**
Under three months	1,667	883
Three to six months	1,115	137
Total receivables not considered impaired	**2,782**	**1,020**

The Consolidated entity has recognised an expense in respect of bad and doubtful trade receivables during the period ended 31 March 2020 of $13,679 (2019: $268,912).

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 general provision for impairment of trade receivables is raised using a forward looking expected credit loss approach based on lifetime expected credit losses. The Consolidated Entity has established a provision matrix that is based on the Consolidated Entity's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

5. Inventories

In thousands of dollars	**2020**	**2019**
Current		
Finished goods	9,251	8,381

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 $36,677 (2019: $17,000). Any reasonably possible change in the estimate is unlikely to have a material impact.

6. Property, plant and equipment

	Leasehold improvements $'000	Plant and equipment $'000	Total $'000
Cost			
Balance at 31 March 2018	889	5,241	6,130
Additions	461	680	1,141
Disposals	(125)	(338)	(463)
Balance at 31 March 2019	1,225	5,583	6,808
Additions	12	826	838
Disposals	(104)	(63)	(167)
Balance at 31 March 2020	1,133	6,346	7,479
Accumulated depreciation			
Balance at 31 March 2018	138	1,662	1800
Depreciation	118	608	726
Disposals	(128)	(280)	(408)
Balance at 31 March 2019	128	1,990	2,118
Depreciation	232	714	946
Disposals	(106)	(60)	(166)
Balance at 31 March 2020	254	2,644	2,898
Carrying amounts			
At 31 March 2019	1,097	3,593	4,690
At 31 March 2020	879	3,702	4,581

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.

7. Leases

The balance sheet shows the following amounts relating to leases:

In thousands of dollars	**2020**	**2019**
Right-of-use assets		
Buildings	11,580	-

Lease liabilities		
Current	1,051	-
Non-current	10,901	-
	11,952	-

Additions to the right-of-use assets during the current financial year were $6,850,314

The following amounts relating to leases are included in the Consolidated Income Statement:

In thousands of dollars	**2020**	**2019**
Depreciation charge of right-of-use of assets		
Buildings	984	-

Interest expense (included in finance costs)	294	-
Expense relating to short-term leases (included in occupancy costs)	766	-
Expense relating to leases of low-value assets that are not shown as short-term leases (included in occupancy costs)	43	-

The total cash outflow for leases in 2020 was $1,741,000.

Recognition and measurement

The Consolidated leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 2 to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Consolidated Entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Consolidated Entity is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

7. Leases (continued)

In the prior financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Consolidated Entity under residual value guarantees
- the exercise price of a purchase option if the Consolidated Entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Consolidated Entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Consolidated Entity:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Consolidated Entity, which do not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security

The Consolidated Entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Consolidated Entity is reasonably certain to exercise a purchase option, the right-of-

7. Leases (continued)

use asset is depreciated over the underlying asset's useful life. The Consolidated Entity has chosen not to revalue the right-of-use buildings held by the Consolidated Entity.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Consolidated Entity. These are used to maximise operational flexibility in terms of managing the assets used in the Consolidated Entity's operations. The majority of extension and termination options held are exercisable only by the Consolidated Entity and not by the respective lessor.

Key judgement: determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, offices and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Consolidated Entity is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Consolidated Entity is typically reasonably certain to extend (or not terminate).
- Otherwise, the Consolidated Entity considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Consolidated Entity could replace the assets without significant cost or business disruption.

As at 31 March 2020, potential future cash outflows of $5,068,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Consolidated Entity becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

8. Intangible assets

In thousands of dollars	**2019**	**2018**
Commercial radio licences – at cost		
Sunshine Coast Broadcasters	10,000	10,000
Radio 2CH	2,410	2,410
Brands and related intangibles – at cost		
Crimsafe	8,500	8,500
Goodwill – at cost		
Commercial radio broadcasting		
Sunshine Coast Broadcasters	9,438	9,438
Radio 2CH	1,880	1,880
Security screens		
Crimsafe	14,562	14,562
Goodwill – impairment		
Security screens		
Crimsafe	(4,000)	-
Total intangible assets	**42,790**	**46,790**

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

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

In thousands of dollars	**2020**	**2019**
Current		
Other financial assets through profit or loss		
Investment in listed securities	11,053	20,700
Total current financial assets	**11,053**	**20,700**
Non-current		
Other financial assets through profit or loss		
Other unlisted investments	4,750	-
Total non-current financial assets	**4,750**	**-**

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)

In thousands of dollars	**Level 1**	**Level 2**	**Level 3**	**Total**
2020				
Financial assets designated at fair value through profit or loss				
Listed securities	11,053	-	4,750	15,803
2019				
Financial assets designated at fair value through profit or loss				
Listed securities	20,700	-	-	20,700

9. Other financial assets (continued)

(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.

(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.

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.

10. Share capital

	Company		Company	
	31 March 2020 shares	**31 March 2019 shares**	**31 March 2020 $'000**	**31 March 2019 $'000**
Ordinary fully paid shares	29,804,222	35,231,572	230,876	243,359

During the year the Company bought back and cancelled 5,427,350 shares at a price of $2.30 per share. 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

In thousands of dollars	**2020**	**2019**
Equity reserve		
Opening balance	25,690	25,690
Closing balance	25,690	25,690
Foreign currency translation reserve		
Opening balance	(177)	(24)
Translation differences during the year	(572)	(153)
Closing balance	(749)	(177)
Total reserves	**24,941**	**25,513**

(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) 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 has been declared or paid in relation to the current financial year. Since the end of the financial year the directors have determined a final dividend of 8 cents per share totalling $2,384,338 (2019: $nil). The dividend will be fully franked based on a corporate tax rate of 30%.

Estimated franking credits at 31 March 2020 available for the payment of dividends in subsequent financial years based on a tax rate of 30% total $6,758,422 (2019: $6,013,347). Adjusting for the payment of the final dividend for the year ended 31 March 2020, the franking account balance would be $5,736,563.

13. Borrowings

In thousands of dollars	**2020**	**2019**
Current		
Secured bank borrowings	1,562	6,149
Non-current		
Secured bank borrowings	3,719	813
Total Borrowings	**5,281**	**6,962**

Secured bank borrowings

(i) Secured term loan of $0.8 million (2019: $1.6 million) bearing interest at BBSY plus 2.55%, repayable in full on 5 February 2021. 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:

In thousands of dollars	**2020**	**2019**
Total current assets	4,100	5,230
Total non-current assets	22,650	21,019
Total assets pledged	**26,750**	**26,249**

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

(ii) Secured term loan of $4.5 million (2019: $5.4 million) bearing interest at BBSY plus 2.75% repayable in quarterly instalments of, with a final instalment of $ 2.5 million due in December 2022. 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:

In thousands of dollars	**2020**	**2019**
Total current assets	20,575	18,418
Total non-current assets	36,394	25,100
Total assets pledged	**56,969**	**43,518**

The Company has subordinated a claim of $18.9 million against Crimsafe Holdings Pty Ltd in favour of the lender.

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. Subsequent to year-end the lender has waived all financial covenants until March 2021.

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.

14. 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 2020.

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

In thousands of dollars	**2020**	**2019**
Bank borrowings	5,281	6,962
Weighted average interest rate	4.18%	4.97%

14. Financial risk management (continued)

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 2020 would have on equity and profit or loss (before tax) at the reporting date. The analysis was performed on the same basis in 2019.

	2020		**2019**	
In thousands of dollars	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
100 basis point decrease	61	61	82	82
100 basis point increase	(61)	(61)	(82)	(82)

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.

(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.

14. Financial risk management (continued)

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.

	2020		**2019**	
In thousands of dollars	**Carrying amount**	**Market or fair value**	**Carrying amount**	**Market or fair value**
Listed shares (accounted for using the fair value method)	11,053	11,053	20,700	20,700

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 2020 would have resulted in an increase or decrease in the fair value of the shares of approximately $1.11 million (2019: $2.07 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.

14. Financial risk management (continued)

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.

			Past due but not impaired					
In thousands of dollars	**Total**	**Neither past due nor impaired**	**<30 days**	**30-60 days**	**60-90 Days**	**>90 days**	**Collectively impaired**	**Individually Impaired**
2020								
Cash & cash equivalents	11,033	11,033	-	-	-	-	-	-
Receivables	11,342	8,546	512	676	478	1,115	15	-
Other financial assets	11,053	11,053	-	-	-	-	-	-
	33,428	**30,632**	**512**	**676**	**478**	**1,115**	**15**	**-**
2019								
Cash & cash equivalents	22,627	22,627	-	-	-	-	-	-
Receivables	10,479	9,443	723	59	101	137	16	-
Other financial assets	20,700	20,700	-	-	-	-	-	-
	53,806	**52,770**	**723**	**59**	**101**	**137**	**16**	**-**

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

(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.

14. Financial risk management (continued)

The following table analyses the Consolidated Entity's financial liabilities 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).

			Residual contract maturities				
In thousands of dollars	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
2020							
Trade & other payables	8,614	8,614	8,614	-	-	-	-
Interest bearing loans and borrowings	5,281	5,688	852	896	888	3,052	-
	13,895	14,302	9,466	896	888	3,052	-
2019							
Trade & other payables	6,404	6,404	6,404	-	-	-	-
Interest bearing loans and borrowings	6,962	7,313	1,110	5,364	839	-	-
	13,366	13,717	7,514	5,364	839	-	-

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 2020.

(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.

15. 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 (FVLCOD) or value in use (VIU).

15. Impairment of non-financial assets (continued)

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

The recoverable amount of the Radio 2CH CGU was determined with reference to the agreement entered into by the Consolidated Entity to disposed of its interest in the Radio 2CH CGU for an amount in excess of it carrying value after accounting for estimated selling costs. The recoverable amount of the Consolidated Entities other CGU's at 31 March 2020 was determined based on a VIU discounted cash flow model. VIU calculations use cash flow projections based on the 2020 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

Sunshine Coast Broadcasters ("SCB") CGU

Assumptions used in the value in use calculation include:

- a pre-tax discount rate of 14.25% (2019: 14.25%);
- revenue growth rates of 75% in year two and 4% thereafter;
- operating cost growth rates of 2.5%, and;
- and a long term growth rate of 2.5%.

As at 31 March 2020, 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 SCB CGU carrying amount exceeding its recoverable amount. If either the revenue growth assumption was to decrease from 75% to below 45% in year two or 4% to below 0% thereafter or the operating expense growth assumption was to increase from 2.5% to above 12% over the forecast period it would result in the SCB CGU carrying amount exceeding its recoverable amount.

Crimsafe CGU

- Assumptions used in the value in use calculation include:
- a pre-tax discount rate of 14.4% (2019: 15.25%),
- revenue growth rates of 9.6% in year two and 5% thereafter;
- operating cost growth rates of 2.5%, and;
- a long term growth rate of 2.5%.

At 31 March 2020 the estimated recoverable amount of the Crimsafe CGU, based on value-in-use, exceeded its carrying amount by $4 million, accordingly an impairment of $4 million was recorded against the Crimsafe CGU. As at 31 March 2020, a 0.5% 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 by 1% or the operating expense growth assumption was to increase by 1% over the forecast period it would result in the security screen CGU carrying amount exceeding its recoverable amount.

16. Investments accounted for using the equity method

Investment in associates

The Consolidated Entity has the following interest interests in individually immaterial associates:

- 22.5% equity interest in Boody Australia Pty Ltd and a 25.96% interest in Boody USholdco Pty Ltd, acquired in March 2019.
- 20% in WINR Pty Ltd, acquired in June 2019
- 34% interest in RZT Holdings Pty Ltd, acquired in December 2019

The summarised aggregated financial information of the Consolidated Entity's share in these associates is as follows:

In thousands of dollars	**2020**	**2019**
Loss from continuing operations	(307)	-
Other comprehensive income	-	-
Total comprehensive income	(307)	-
Carrying amount	**7,111**	**5,063**

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.

17. 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 (%) 2020	2019
EON Broadcasting Pty Ltd	Australia	Ordinary	98.0	95.0
Sunshine Coast Broadcasters Pty Ltd	Australia	Ordinary	98.0	95.0
OCP Shelf 2 Pty Ltd	Australia	Ordinary	100.0	100.0
EON 2CH Pty Ltd	Australia	Ordinary	85.5	85.5
Radio 2CH Pty Ltd	Australia	Ordinary	85.5	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
OCP Boody Holdings Pty Ltd	Australia	Ordinary	100.0	100.0

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 2020 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.

18. Commitments and contingencies

Certain subsidiaries of the Company are party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material effect on the Consolidated Entity's financial performance.

19. Events after the reporting date

On 1 July 2020 the Consolidated Entity disposed of its interest EON 2CH Pty Ltd for $5 million in cash and 10 million shares in Pacific Star Network (ASX: PNW).

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

20. Parent entity disclosures

In thousands of dollars	2020	2019
Result of the parent entity		
Profit for the year	3,023	2,045
Other comprehensive income	-	-
Total comprehensive income for the period	3,023	2,045
Financial position of the parent entity at period end		
Current assets	18,283	38,583
Total assets	80,077	89,527
Current liabilities	260	243
Total liabilities	352	342
Total equity of the parent comprising:		
Share Capital	230,876	243,359
Equity reserve	25,690	25,690
Distributable profit reserve	12,817	9,794
Accumulated losses	(189,658)	(189,658)
	79,725	89,185

The company had no contingent liabilities, capital expenditure or investment commitments at 31 March 2020.

21. 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:

In dollars	2020	2019
Audit services		
BDO East Coast Partnership:		
Statutory audit and review of financial reports	197,474	198,017
Non - Audit services		
BDO East Coast Partnership:		
Tax advisory and consulting	102,903	62,244
Other services	1,919	-

22. 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 (KMP) 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 (KMP), including their personally related entities, are as follows:

In dollars	**2020**	**2019**
Short-term employee benefits	907,337	972,929
Other- long term benefits	13,797	4,903
Post-employment benefits	62,838	78,396
Total KMP remuneration	**983,972**	**1,056,228**

Remuneration paid to directors of parent company, HCI Australian Operations Pty Ltd, during the period was $851,972 (2019: $924,228).

Other
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.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 MARCH 2020

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

a) the consolidated financial statements and notes set out on pages 16 to 44 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 2020 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 the notes to the financial statements, which include a statement of compliance with International Financial Reporting Standards on page 15.

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 2020.

Signed in accordance with a resolution of the Directors.

Robert Moran
Chairman

Dated at Sydney this 6th day of July 2020.

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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 2020, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 2019 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.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 31 March 2020, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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 identified above 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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_responsibilities/ar1.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

Grant Saxon
Partner

Sydney, 6 July 2020