

ASX Announcement



15 November 2018

Appendix 4D and 30 September 2018 Half Year Financial Report

Attached for release to the market are:

- Appendix 4D
- Results Announcement
- 30 September 2018 half year financial report

Yours faithfully,

A handwritten signature in blue ink, appearing to be "Lionel Baldwin", with a horizontal line underneath.

Lionel Baldwin
Company Secretary

Oceania Capital Partners Limited (ABN 52 111 554 360) (ASX: OCP) and its controlled entities

Appendix 4D - Preliminary financial statements for the half-year ended 30 September 2018 as required by ASX listing rule 4.2A

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to the half-year ended 30 September 2017)

	\$'000	Up/down	Movement %
Revenue from ordinary activities	26,484	down	1.6%
Profit after tax from ordinary activities after tax attributable to ordinary shareholders	1,339	down	57.5%
Net profit for the period attributable to members	1,339	down	57.5%

DIVIDEND INFORMATION

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
Final 2018 dividend per share (paid 21 June 2018)	3.0	3.0	30%

No interim dividend has been declared or paid.

NET TANGIBLE ASSET PER SHARE

	30 September 2018	30 September 2017
Net tangible assets per share	\$1.47	\$1.46
Net assets per share	\$2.81	\$2.79

This information should be read in conjunction with the 2018 Annual Report. Additional Appendix 4D disclosures can be found in the accompanying Financial Report and Results Announcement for the half-year ended 30 September 2018. This report is based on the consolidated financial statements for the half-year ended 30 September 2018 which have been reviewed by BDO East Coast Partnership.

15 November 2018



Half-year results announcement

Financial and operating summary

Oceania Capital Partners Limited ("OCP") today announced a net profit after tax of \$1.4million for the half-year ended 30 September 2018 (2017: \$3.1 million) and Earnings Before Interest Paid and Tax ("EBIT") of \$2.4 million (2017: \$3.7 million), this is summarised in the following table:

	30 September 2018 \$'000	30 September 2017 \$'000
Six months ending		
EON Broadcasting (Sunshine Coast Broadcasters)	2,146	2,062
EON 2CH (Radio 2CH)	(860)	(1,341)
Crimsafe	1,253	1,637
Cohort / PureProfile	202	2,496
Corporate (including interest income)	(971)	(775)
Other	580	(413)
	2,350	3,666

The net asset value per share as at 30 September 2018 of \$2.79 (31 March 2018: \$2.79), based on reported carrying values at that date (net of minority interests), is set out in the following table:

	Carrying value at 30 September 2018		
	\$m	\$/share	Basis for carrying value
EON Broadcasting	18.6	0.53	Consolidated carrying value
EON 2CH	4.9	0.14	Consolidated carrying value
Crimsafe	28.6	0.81	Consolidated carrying value
Cash at OCP and listed shares	44.5	1.26	Mark to market
Other net assets	1.8	0.05	
	98.4	2.79	

Further details on the underlying investments are set out below.

No interim dividend has been declared in respect of the half-year.

Performance of Investee entities

We offer the following comments on the performance of OCP's underlying investee entities.

EON Broadcasting & EON 2CH

The Sunshine Coast radio stations contributed \$2.2million (2017: 2.1 million) of EBIT for the half-year. Advertising revenue, excluding the effects of \$0.2m of survey related contra (non-cash) revenue in the prior comparable period, grew 3% over that reported for the prior comparable half-year. Reported EBIT for the half-year has grown 4% compared to the prior comparable six months. During April 2018 the business successfully relocated to new premises. The business has invested a total of \$1.3 million in the move over the last 2 financial years, including the acquisition of new digital studio equipment.

During the half-year 2CH delivered an operating loss before interest, tax and depreciation of \$0.8 million (2017: \$1.3 million loss) and revenue of \$1.2 million (2017: \$0.8 million).

Having acquired Radio 2CH 1170am in January 2017, considerable progress has been made in reinvigorating 2CH's on-air position as a music and entertainment product focussed on the over 50's demographic. The station retains a relationship with MML as a result of shared broadcast facility arrangements.

During the half-year we have continued our focus on developing the direct sales team. As previously reported, this process has taken considerably longer than anticipated. While there is a long way to go there are encouraging signs that advertisers are interested in specific and direct access to a demographic that speaks for a considerable amount of discretionary and non-discretionary spend. Given the high proportion of fixed costs in the business, additional revenue adds considerably to profit margin and there is a focus on delivering new and additional revenue streams.

Crimsafe Group

The Crimsafe Group contributed \$1.3 million (2017: 1.6 million) of EBIT for the half-year, as shown in the table below:

	2018 \$ '000	2017 \$ '000
Australia	2,000	2,061
North America	(370)	(172)
Proline (powder coating operation)	(377)	(252)
Crimsafe Group	1,253	1,637

EBIT for Australia is flat when measured against the prior comparable period. While this is a disappointing result, the business has been negatively impacted by the economic down-turn in Western Australia ("WA"). Excluding Western Australia EBIT for Australia has grown 7%. We remain positive about the outlook for Crimsafe which is the leading provider of stainless steel security screens in Australia. The business has the premier product in its category and an excellent national licensee network through which it distributes. We are enthusiastic about the growth prospects in the core area of residential homes as well as the growing opportunities which the business has in the commercial environment. Crimsafe continues to invest in research and development to ensure it continues to offer new premium products. In May 2018 Crimsafe

launched the Crimsafe iQ™ range of products which for the first time incorporates smart technology with the option of an electronic lock.

Crimsafe's powder coating division, Proline, experienced continued operational setbacks in the early part of the half-year which has negatively impacted the Crimsafe group EBIT. Considerable management time and effort has been invested in Proline over the last 6 months and we are hopeful that the performance will show a marked improvement in the second half.

US sales for the first half are up 23% compared to the prior comparable period. We continue to invest in the US business supporting the development of the business in the longer term. This investment in people and marketing, which is targeted at maximising growth opportunities, has negatively impacted the US operation's contribution to Crimsafe group EBIT during the half-year. As previously reported, we are hopeful about the prospects of the US operation contributing significantly to earnings over time and are committed to investing in this part of the business with the aim of growing it.

Listed investments

During the half-year OCP reduced its holding in Pureprofile Limited ("PPL") to below 5%. At 30 September the carrying value of OCP's interest in PPL was \$0.5 million. During the half-year an upward mark-to-market adjustment of \$0.1 million (2017: \$ 0.5 downward) was recognised in relation to the holding in PPL. A realised profit of \$0.1 million in relation to the PPL shares disposed of, was also recognised during the half-year.

OCP holds approximately 8.6% of Mach7 Limited ("M7T") with a market value of \$2.6 million at 30 September 2018. During the half-year a downward mark-to-market adjustment of \$1.0 million (2017: \$ nil) was recognised in relation to the holding in M7T.

OCP continues to invest in other listed shares as part of its overall capital management strategy. At 30 September 2018 the carrying value of OCP's interest in other listed shares was \$18.5 million. During the half-year an upward mark-to-market adjustment of \$1.1 million (2017: \$0.8 million downward) was recognised in relation to these listed shares. Dividends of \$0.4 million (2017: \$0.4 million) from other listed investments were recognised as income during the half-year.

Investment activities

OCP continues to actively engage in exploring investment opportunities, with the stated investment strategy of investing in operating businesses, whether owned privately or through a listed company, with no pre-determined emphasis on any particular sector.

* * *

Further information on the financial results and performance is contained in the Appendix 4D and Half-year Report released today. For further information, please contact:

Michael Jacobson (Executive Director)
Tel: +61 2 9986 3863

Oceania Capital Partners Limited

Half-year Report

For the six months ended 30 September 2018

Half-year Report

For the half-year ended 30 September 2018

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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 2018 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 2018 to 30 September 2018 unless otherwise stated. The previous corresponding period is the half-year ended 30 September 2017. All dollar figures are expressed in Australian dollars unless otherwise stated.

Half-year Report: Director's Report
For the half-year ended 30 September 2018

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 2018 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:

- 98% (having increased from 95% at 31 March 2018) 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");
- 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.

Results for the period

The net profit after tax of the Consolidated Entity for the half year to 30 September 2018 was \$1.4 million (2017: \$3.1 million).

The current period result includes:

- Interest income of \$0.2 million (2017: \$0.2 million);
- Revenue of \$7.4 million (2017: \$6.9 million) and profit before interest and tax of \$1.3 million (2017: \$0.7 million) from the operations of the Consolidated Entity's radio assets, SCB and Radio 2CH;
- Revenue of \$18.5 million (2017: \$19.5 million) and profit before interest and tax of \$1.3 million (2017: \$1.6 million) from the operations of Crimsafe;
- A \$0.2 million mark-to-market upward fair value adjustment to the carrying value of listed shares (2017: \$1.3 million downward) and \$0.4 million (2017: \$0.4 million) dividend income from listed securities;
- A realised profit on disposal of listed shares of \$0.2 million. The prior period result includes \$3.2 million earn-out consideration and transaction costs of \$0.2 million in relation to the disposal of Cohort Holdings Australia Pty Ltd.

Half-year Report: Director's Report
For the half-year ended 30 September 2018

Financial position

At 30 September 2018 the Consolidated Entity had net assets of \$99.0 million (31 March 2018: \$99.1 million).

At 30 September 2018 the Consolidated Entity had cash at bank of \$26.7 million (31 March 2018: \$29.2 million) of which \$22.9 million represents investable cash.

At 30 September 2018 the Consolidated Entity's borrowings amounted to \$7.9 million (31 March 2018: \$9.4 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

A final dividend for the period ended 31 March 2018 of 3 cents per share was paid on 21 June 2018. No interim dividend has been proposed or declared for the period ended 30 September 2018.

Events subsequent to reporting date

During the year ended 31 March 2018 the Consolidated Entity disposed of its remaining 24.875% equity interest in BC Holdings and the associated stapled loan notes issued by BC Holdings, to Encore Capital Group, Inc ("Encore"). In addition, the Consolidated Entity 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 proceeds were placed in escrow until October 2018 to support any liability arising from any such claim. The Extended Warranty Period having expired with no claim being made, the \$1 million proceeds were released to the Consolidated Entity on 24 October 2018.

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 5 and forms part of the Directors' Report for the period ended 30 September 2018.

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 15th of November 2018

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 2018, 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, 15 November 2018

Half-year Financial Report

For the half-year ended 30 September 2018

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Consolidated income statement

For the half-year ended 30 September 2018

	September 2018 \$'000	September 2017 \$'000
Revenue from sales	25,836	26,386
Interest income	204	154
Dividend income	444	383
Total revenue	26,484	26,923
Profit on sale of financial assets	2	146
Share of profit of jointly controlled entities	-	-
Fair value adjustment of financial assets	192	(1,313)
Total operating income	26,822	28,776
Raw materials and inventory	(10,191)	(10,860)
Due diligence and transaction costs	-	(153)
Broadcast production costs	(560)	(587)
Employee benefits expense	(6,418)	(6,140)
Selling costs	(1,080)	(998)
Promotions and marketing	(2,259)	(2,641)
Administration and other operating expenses	(3,617)	(3,421)
Depreciation	(347)	(310)
Financing costs	(232)	(271)
Profit before income tax	2,118	3,395
Income tax expense	(756)	(329)
Profit for the period	1,362	3,066
Net profit attributable to:		
Equity holders of the parent entity	1,339	3,147
Non-controlling interests	23	(81)
	1,362	3,066
Earnings per share attributable to equity holders of the parent	Cents	Cents
Basic earnings per share	5	3.80
Diluted earnings per share	5	3.80

Consolidated statement of comprehensive income
For the half-year ended 30 September 2018

	September 2018 \$'000	September 2017 \$'000
Profit for the period	1,362	3,066
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(83)	(4)
Total other comprehensive (loss) income for the period, net of income tax	(83)	(4)
Total comprehensive income for the period	<u>1,279</u>	<u>3,062</u>
Total comprehensive income for the period attributable to:		
Equity holders of the parent entity	1,258	3,143
Non-controlling interests	21	(81)
	<u>1,279</u>	<u>3,062</u>

Consolidated balance sheet

For the half-year ended 30 September 2018

		September 2018 \$'000	March 2018 \$'000
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		26,656	29,243
Trade and other receivables		9,547	9,484
Inventory		8,683	8,139
Other financial assets	3	22,594	22,520
Current tax assets		334	32
Total current assets		<u>67,814</u>	<u>69,418</u>
Non-current assets			
Other receivables		693	1,016
Property, plant and equipment		4,758	4,330
Intangible assets		47,245	46,790
Deferred tax assets		323	436
Total non-current assets		<u>53,019</u>	<u>52,572</u>
Total assets		<u>120,833</u>	<u>121,990</u>
LIABILITIES			
Current liabilities			
Trade and other payables		6,351	5,692
Borrowings		1,032	1,598
Current tax liabilities		318	549
Employee benefits		777	774
		<u>8,478</u>	<u>8,613</u>
Non-current liabilities			
Borrowings		6,864	7,798
Employee benefits		217	192
Deferred tax liabilities		6,273	6,273
		<u>13,354</u>	<u>14,263</u>
Total liabilities		<u>21,832</u>	<u>22,876</u>
Net assets		<u>99,001</u>	<u>99,114</u>
EQUITY			
Share capital	4	243,359	243,359
Reserves		25,585	25,666
Accumulated losses		(170,590)	(170,872)
Equity attributable to owners of Oceania Capital Partners Limited		<u>98,354</u>	<u>98,153</u>
Non-controlling interests		647	961
Total equity		<u>99,001</u>	<u>99,114</u>

Consolidated cash flow statement

For the half-year ended 30 September 2018

	September 2018 \$'000	September 2017 \$'000
Cash flows from operating activities		
Receipts from customers	29,057	27,400
Payments to suppliers and employees	(27,280)	(26,656)
Interest received	194	109
Income taxes paid	(1,175)	(951)
Net cash (outflow) inflow from operating activities	<u>796</u>	<u>(98)</u>
Cash flows from investing activities		
Proceeds from realisation of financial assets	586	-
Dividends received	123	74
Payments for purchase of property, plant and equipment	(777)	(750)
Payments for purchase of other financial assets	-	(30)
Payment for additional interest in subsidiary	(456)	-
Net cash outflow from investing activities	<u>(524)</u>	<u>(706)</u>
Cash flows from financing activities		
Dividend paid	(1,057)	-
Repayment of borrowings	(1,575)	(684)
Payment of interest and borrowing costs	(226)	(271)
Net cash outflow from financing activities	<u>(2,858)</u>	<u>(955)</u>
Net decrease in cash and cash equivalents	(2,586)	(1,759)
Cash and cash equivalents at the beginning of the half-year	<u>29,242</u>	<u>17,918</u>
Cash and cash equivalents at the end of the half-year	<u>26,656</u>	<u>16,159</u>

Consolidated statement of changes in equity

For the half-year ended 30 September 2018

	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 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
Balance at 1 April 2018	243,359	25,690	(24)	(170,872)	98,153	961	99,114
Profit for the year	-	-	-	1,339	1,339	23	1,362
Other comprehensive income	-	-	(81)	-	(81)	(2)	(83)
Total comprehensive income for the half-year	-	-	(81)	1,339	1,258	21	1,279
Dividend	-	-	-	(1,057)	(1,057)	-	(1,057)
Change of interest in subsidiary	-	-	-	-	-	(335)	(335)
Balance at 30 September 2018	243,359	25,690	(105)	(170,590)	98,354	647	99,001

Notes to the financial statements: About this report
For the half-year ended 30 September 2018

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 2018 was authorised for issue in accordance with a resolution of the directors on 15 November 2018. 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 2018 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 2018 and considered with any public announcements made by the Company during the half-year ended 30 September 2018 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 2018 to the Group have been adopted and include:

- AASB 15 – Revenue from contracts with customers

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

Notes to the financial statements: Key numbers
For the half-year ended 30 September 2018

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 2018 \$'000	September 2017 \$'000	September 2018 \$'000	September 2017 \$'000
Commercial radio broadcasting	7,365	6,926	1,286	721
Security screens	18,471	19,460	1,253	1,637
Digital lead generation	-	-	202	2,496
Unallocated	-	-	580	(413)
	<u>25,836</u>	<u>26,386</u>	<u>3,321</u>	<u>4,441</u>
Interest income			204	154
Finance costs			(232)	(271)
Central administration and employee costs			<u>(1,175)</u>	<u>(929)</u>
Profit before tax from continuing operations			<u>2,118</u>	<u>3,395</u>

Segment revenue reported above represents revenue generated from external customers. There were no material inter-segment sales in the current period (2017: 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 2018

1. Segment information (continued)

Segment assets and liabilities

	September 2018 \$'000	March 2018 \$'000
Segment assets		
Commercial radio broadcasting	31,518	31,345
Security screens	42,756	42,041
Total segment assets	<u>74,274</u>	<u>73,386</u>
Unallocated	46,559	48,604
Total assets	<u>120,833</u>	<u>121,990</u>
Segment liabilities		
Commercial radio broadcasting	7,833	8,231
Security screens	13,783	14,255
Total segment liabilities	<u>21,616</u>	<u>22,486</u>
Unallocated	216	390
Total liabilities	<u>21,832</u>	<u>22,876</u>

Goodwill is allocated to the relevant segment.

2. Profit on sale of financial assets

	September 2018 \$'000	September 2017 \$'000
Cohort earn-out consideration	-	3,166
Other	146	-
	<u>146</u>	<u>3,166</u>

Notes to the financial statements: Assets
For the half-year ended 30 September 2018

3. Other financial assets

	September 2018 \$'000	March 2018 \$'000
<i>Current</i>		
<i>Other financial assets through profit or loss</i>		
Investment in listed securities	21,594	21,520
<i>Other</i>		
Escrowed sale proceeds	1,000	1,000
	<u>22,594</u>	<u>22,520</u>

During the year ended 31 March 2018 the Consolidated Entity disposed of its remaining interest in BC Holdings. \$1 million of the proceeds on disposal remained in escrow at 30 September 2018 and were released to the Consolidated Entity on 24 October 2018.

Fair value measurement

(a) Fair value hierarchy

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 September 2018				
<i>Financial assets designated at fair value through profit or loss</i>				
Other listed securities	21,594	-	-	21,594
	<u>21,594</u>	<u>-</u>	<u>-</u>	<u>21,594</u>
31 March 2018				
<i>Financial assets designated at fair value through profit or loss</i>				
Other listed securities	21,520	-	-	21,520
	<u>21,520</u>	<u>-</u>	<u>-</u>	<u>21,520</u>

Notes to the financial statements: Assets
For the half-year ended 30 September 2018

3. 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 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 2018

4. Share capital

	Company		Company	
	30 September 2018 shares	31 March 2018 shares	30 September 2018 \$'000	31 March 2018 \$'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 2018	September 2017
	\$cents	\$cents
Basic earnings per share	3.80	8.93
Diluted earnings per share	3.80	8.93
	\$'000	\$'000
Reconciliation of profit used in the calculation of basic earnings per share		
Profit for the half-year	1,362	3,066
Profit attributable to non-controlling interests	(23)	81
Profit used in the calculation of total basic earnings per share	1,339	3,147
Profit used in the calculation of total diluted earnings per share	1,339	3,147
	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 2018

6. Commitments and contingencies

During the year ended 31 March 2018 the Consolidated Entity disposed of its remaining 24.875% equity interest in BC Holdings and the associated stapled loan notes issued by BC Holdings, to Encore Capital Group, Inc ("Encore"). In addition, the Consolidated Entity 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 proceeds were placed in escrow until October 2018 to support any liability arising from any such claim. The Extended Warranty Period having expired with no claim being made, the \$1 million proceeds were released to the Consolidated Entity on 24 October 2018.

In addition, 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.

7. Events after the reporting date

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 18, of Oceania Capital Partners Limited for the half-year ended 30 September 2018 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 2018 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, 15 November 2018

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 2018, 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 2018 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 2018 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', is written over the BDO logo.

Arthur Milner
Partner

Sydney, 15 November 2018