

17 June 2016

The Manager

Company Announcements

ASX Limited

Exchange Centre

20 Bridge Street

SYDNEY NSW 2000

## **Annual Report**

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Attached is the 2016 Annual Report for Oceania Capital Partners Limited (ASX: OCP).

Yours faithfully,



Lionel Baldwin

Company Secretary

## Annual Report 2016



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# Chairman's Report

This report relates to the financial year to 31 March 2016

Each of our businesses took strong steps forward in the 2016 financial year. Our quest to deliver consistent and growing profitability in each of the businesses is gathering momentum, with OCP's final net profit after tax for the year being just shy of \$5 million compared to around \$3 million in financial year 2015. Our net profit after tax is essentially the addition of all trading profits of our underlying businesses and then overlaying the activities of the holding company across those results.

We finished the year with cash available for investment and have been actively in the market looking to deploy that capital into a suitable business or businesses. In the meantime, given Australia's historically low interest rates, our treasury management strategy has seen a portion of these funds invested in the equities market pending re-deployment into a core investment.

In summary, the investments which we now hold are:

- 24.9% ownership of the Baycorp Group
- 95% ownership of EON Broadcasting
- 50% ownership of Cohort
- 97% ownership of Crimsafe

The day to day focus of our small team is on assisting our underlying investee businesses to improve and grow as well as looking for the next investment opportunity. We looked at a number of interesting investment opportunities during the course of the year but in the end we did not close on any of those opportunities for varying reasons. It is often said that all good deals leave something on the table for both parties. In a market with a restricted number of investment opportunities in the size and stage of development that we look to invest in and a healthy amount of capital chasing those opportunities, we have found that table a little bare. There have been a number of opportunities which we would have pursued had the value and price equation been better aligned.

Our reported net asset value per share as at 31 March 2016 is \$2.46, which compares to the net asset value as at 31 March 2015 of \$2.35. The way in which that is calculated is shown in our ASX release as follows:

|                       | <b>Carrying value at<br/>31 March 2016</b> |                 | <b>Basis for<br/>carrying amount</b>                  |
|-----------------------|--|-----------------|---|
|                       | <b>\$m</b>                                 | <b>\$/share</b> |   |
| BC Holdings (Baycorp) | 16.4                                       | 0.47            | At fair value through profit or loss                  |
| EON                   | 14.9                                       | 0.42            | Cost plus share of post acquisition retained earnings |
| Crimsafe              | 21.9                                       | 0.62            | Cost plus share of post acquisition retained earnings |
| Cohort                | 6.8  | 0.19            | Equity accounted                                      |
| Listed shares         | 11.3                                       | 0.32            | Mark to market  |
| Escrowed cash         | 1.8  | 0.05            |   |
| Cash at OCP           | 12.9                                       | 0.37            |   |
| Other net assets      | 0.7  | 0.02            |   |
|                       | <b>86.7</b>                                | <b>2.46</b>     |   |

The investments in EON Broadcasting, Cohort and Crimsafe have not been "marked to market" or revalued and based on this accounting view of the portfolio it can be seen that there is a reasonable spread of investment commitment, without one individual investment dominating the portfolio. You can also see that as at 31 March 2016 we had over \$20 million capital available for investment and no debt at the balance sheet level (appropriately, each of the underlying investments is itself geared but in each case those borrowings are without recourse to OCP).

This is a diverse range of investments with exposures to different sectors and businesses at differing stages of their own development and growth. We now cover the financial services sector (Baycorp); media and broadcasting (EON); digital business generation (Cohort); and the building, construction and renovation sector (Crimsafe).

## INVESTMENT COMMENTARY

### Baycorp

The transaction we entered into in October 2015 with Encore Capital Inc ("Encore") out of the US in relation to Baycorp is a very meaningful transaction for us. Shareholders will know that Baycorp has found the competitive dynamic in its market very challenging for a number of years. Like many high volume, small-dollar transaction businesses, Baycorp's business requires superior processes and know-how in order to achieve efficiency and thereby industry leading competitiveness. Our transaction with Encore is designed to provide Baycorp access to what we believe to be world leading debt collection practices, technology and know-how. Encore is one of the world's leading collection companies and has operations in over a dozen countries around the world. Encore's strategy has been to take investments in operating businesses in non-US regions and to use its experience and knowhow to build those businesses into the number 1 or 2 market share companies in their regions. This is Encore's plan and aspiration for Baycorp and it is one we share and support.

The transaction involved:

- An initial sell down of just over 50% of Baycorp by OCP and its partner in Baycorp (at a value consistent with OCP's carrying value of our Baycorp investment)
- Establishment of co-operation and knowledge sharing arrangements; and
- Agreement on exit mechanisms over time for OCP and its partner.

Our hope is that the value of our remaining investment in Baycorp will be enhanced through this relationship. We are now over 6 months into the new relationship and it is shaping up well. Encore's inclusion of Baycorp in its international network is proceeding well, including by facilitating knowledge transfer not just between Encore and Baycorp but also between Baycorp and other operating subsidiaries of Encore in other countries. Baycorp is approaching its business development and sourcing activities with a renewed vigour and, despite the unexpected loss of a major client soon after the transaction, the business is seeing some pleasing forward momentum. The management team of Baycorp is being strengthened and the ability to attract good executives has been enhanced by the Encore ownership and relationship.

Ownership change can be challenging for any business but the Baycorp team has responded well to the new relationship with Encore. We thank everyone within the Baycorp business for the significant effort involved in completing a due diligence and transaction of the nature that the business has been through as well as continuing to fulfil the responsibilities of their day to day jobs with good humour and extraordinary industry.

# Chairman's Report

This report relates to the financial year to 31 March 2016

## EON Broadcasting

2016 has been a great year for EON Broadcasting. This small business is most definitely punching above its weight and carries an enviable reputation in its Sunshine Coast market place, which is happily showing through in the financial results.

Some of the notable points include:

- Clear market leadership in on-air and local events delivery
- Monthly sales continually exceeding the prior year
- Scarcity of advertising inventory driving earlier commitments from clients
- Renewed contracts for all on-air staff
- Continued innovative and engaging on-air content, including extensive coverage of local Sunshine Coast affairs, humour, competitions and continually updated and refined music play lists
- Re-launch of streaming (see below)
- Excellent social media engagement with Sea FM producing social media engagement figures that capital city radio stations would be proud of
- Launch of station-specific apps for both stations so that listeners can join the broadcast no matter where they are whether or not they are near a traditional radio
- A record number of nominations for the annual radio industry awards (the ACRAs) and outstanding success for a number of our staff

As one of the country's fastest growing regions, the Sunshine Coast is an excellent place to be operating a business such as EON's. There is considerable business activity and construction of new commercial and residential property pushes forward as new businesses are attracted into the area.

A 13% increase in revenue and a 15% increase in EBITDA year on year demonstrates that the focused business growth activity is translating into financial results.

This has been achieved by a small and dedicated team well led by John Williams and we thank the EON staff for their outstanding results and achievements.

We remain interested in expanding our investment activity in regional radio and its associated opportunities. The pending changes to media ownership laws announced by the Liberal National Party federal government might operate as a catalyst for movement of various media assets and we would be very open to participating in any opportunities that arise.

## Cohort

This year was our first full year of ownership of Cohort. Cohort is a leading digital lead generation business operating in Australia, the United Kingdom and America. Cohort had a strong year growing revenue by 56% and EBITDA by 138%.

The digital lead generating industry is a fast changing environment with new challenges arising as the landscape constantly changes. Cohort's ability to adapt and its culture of innovation are crucial elements in its success and will determine our success into the future. The business has grown very strongly in the Australian market where it has significant market share and we would expect growth to moderate in Australia over the coming years. This will be balanced by the global business where we have made significant investment and are increasingly confident that the profitability and growth trajectory in both the UK and America, which is in its infancy, will generate strong returns going forward.

Cohort has during the year continued to invest in and develop its own house sites which are delivering high quality high margin leads for our customers. We expect this revenue stream to continue to grow into the future.

Cohort is ably led by our co-shareholders Marcelo Ulvert and Malcolm Treanor and we would like to thank them as well as the whole Cohort team for their efforts during the past year which have delivered such strong results.

## Crimsafe

We have now owned Crimsafe for a year and we are pleased to confirm that it is the quality business that we believed it to be in due diligence. It has been thoughtfully structured in terms of the parts of the value chain in which it participates. Overall, it is primarily a brand and IP business which has, through its extensive licensee network, outsourced elements associated with manufacturing, distribution, end customer selling and product installation and delivery. It concentrates on R&D, maintaining its performance superiority over competitor products and brand and market awareness.

In January this year we appointed Jim Sturgess as the CEO of Crimsafe. This completes the transition from the founders of the business into a new, more corporate operating structure. Jim has a broad background, strong operating experience and he understands the importance of marketing and brand protection for Crimsafe. He is based at the Company's headquarters near the Gold Coast and is approaching the task of corporatising this very successful business with significant enthusiasm.

Last year we confirmed that we would be supporting Crimsafe's fledgling operation in the US as we see that as having significant potential for the future growth of the business. We are also considering expansion in other jurisdictions. All this will require further investment to position the organisation for sustainable growth. We would like to thank the Crimsafe team for their efforts during the year under review.

In summary, our underlying investee businesses are all trading well and delivering on promising growth opportunities, which is translating into bottom line profit for OCP. Our strategy is to continue that growth and profitability in a sustainable and planned manner. We believe that this will increase the inherent value of OCP as a business.

In April 2016 we announced the possible change in control of OCP by virtue of a transaction between our holding company, Hosken Consolidated Investments Limited (HCI) and the family investment interests of HCI CEO, John Copelyn. Shareholders are referred to the notice convening the meeting at which OCP shareholders will be asked to approve the transaction for further information.

There are many people who make each of our underlying businesses successful, including management, staff, suppliers and customers. We thank them all and I would like to add my thanks to the very small team at OCP head office.



**Robert Moran**  
Chairman

# Directors' Report

For the year ended 31 March 2016

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 2016 and the Independent Auditor's report thereon.

## DIRECTORS

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

|                         |                        |
|-------------------------|------------------------|
| <b>Robert Moran</b>     | Non-executive Chairman |
| <b>Michael Jacobson</b> | Executive Director     |
| <b>Brian Scheiner</b>   | Executive Director     |

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

### Robert Moran

*Non-executive Chairman*

*LLB, B.Ec, MAICD*

Robert Moran served as Managing Director of the Company until June 2014 and was appointed as Non-executive Chairman in July 2014. He has been involved as a principal investor for over 16 years at a board and strategic level in a variety of businesses and sectors and taking an active involvement in the underlying businesses. He is experienced in investment banking activities, including financings, capital raisings, mergers and acquisitions and has practiced corporate and commercial law at a senior level.

Robert continues to represent the Company's interests as a Director of Baycorp through a directorship of BC Holdings 1 Pty Limited ("BC Holdings"), which is the Baycorp holding company, and is a member of the BC Holdings Remuneration Committee. He represents the Company as a Director of EON Broadcasting Pty Ltd ("EON") and Sunshine Coast Broadcasters Pty Ltd ("SCB"). Robert previously represented the Company as non-executive Chairman of Signature Security Group (from January 2006 until 29 April 2011), as a Director of iSOFT Group Limited (from November 2008 until 29 July 2011) and as Director of Keybridge Capital Limited from January 2013 to February 2014. He was also Chairman of the iSOFT and Signature Remuneration Committees and a member of the Signature Audit Committee.

Robert is also a Director of Tag Pacific Limited (since 2002).

### Michael Jacobson

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

*Executive Director*

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

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

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

### Brian Scheiner

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

*Executive Director*

Brian served as non-executive director of the Company from March 2012 to June 2014 when he was appointed as an executive Director of the Company.

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

Brian represents the Company as a Director of EON, SCB, Cohort and Crimsafe.

## COMPANY SECRETARY

### Lionel Baldwin

*CA (SA), B.Comm (Hons)*

Lionel joined the Hosken Group in 2002 where he has held various executive positions in group finance. He has held directorships in several Hosken Group subsidiaries. In January 2011 he left South Africa to jointly found HCI. Lionel 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 Director's of the Company during the financial year were:

| DIRECTOR         | BOARD MEETINGS |   |
|------------------|----------------|---|
|                  | A              | B |
| Michael Jacobson | 8              | 8 |
| Robert Moran     | 8              | 8 |
| Brian Scheiner   | 8              | 7 |

A – Number of meetings held during the time the Director held office during the period.

B – Number of meetings attended.

## ENVIRONMENTAL REGULATION

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

## OPERATING AND FINANCIAL REVIEW

The principal activity of the Company during the current and prior reporting periods was investment. The Company has invested in operating businesses, whether privately owned or publicly listed, with decisions being based on the fundamental investment characteristics of the business. The primary objective has been on investing in businesses which have characteristics of resilience and will grow over the investment period, enabling a successful, profitable exit for the Company.



# Directors' Report

For the year ended 31 March 2016

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

- 24.875% interest in BC Holdings 1 Pty Ltd ("BC Holdings") a receivables management company. During the year the Consolidated Entity disposed of its interest in Baycorp Holdings Pty Ltd in exchange for \$18.4 million cash, a 24.875% equity interest in BC Holdings and \$10 million of stapled loan notes issued by BC Holdings.
- 95% interest in EON Broadcasting Pty Limited ("EON"), the owner and operator of two commercial radio stations in the Queensland Sunshine coast.
- 50% interest in Cohort Australia Holdings Pty Ltd, a company specialising in digital lead generation and marketing.
- 97% interest in the Crimsafe group of entities, a provider of security screen products.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the changes noted above there were no other significant changes and events affecting the Consolidated Entity (the Company together with controlled entities) during the period under review and until the date of this report.

## RESULTS OF OPERATIONS

The net after tax profit of the Consolidated Entity for the year to 31 March 2016 was \$4,949,000 (2015: \$2,988,000).

The current period result includes:

- Interest income of \$0.3 million (2015: \$0.7million).
- A realised profit on the disposal of listed securities of \$0.3 million (2015: \$0.6 million).
- A \$0.5 million negative (2015: positive \$0.8 million) mark-to-market adjustment to the carrying value of listed securities.
- A profit before tax and interest contribution of \$2.7 million from the operations of Sunshine Coast Broadcasters Pty Ltd (SCB) (2015: \$2.2 million).
- A profit before tax and interest contribution of \$2.7 million from the operations of Crimsafe Holdings Pty Limited (Crimsafe). Crimsafe was acquired effective 31 March 2015 and accordingly did not make a profit contribution during the 2015 financial year.
- An equity accounted profit contribution of \$1.3 million from Cohort Holdings Australia Pty Limited (Cohort) (2015: \$0.2 million).
- An equity accounted profit contribution of \$1.2 million from Baycorp Holdings Pty Limited (Baycorp) for the six months to 30 September 2015, at which time the investment in Baycorp was classified as held for sale. In the prior year Baycorp contributed a profit contribution of \$1.2 million for the full year. A \$0.3 million realised profit was recognised on the disposal of the Consolidated Entity's interest in Baycorp.

## FINANCIAL POSITION

At 31 March 2016 the Consolidated Entity had net assets of \$86.7 million (2015: \$82.9 million).

At balance date the Consolidated Entity had cash at bank of \$17.2 million (2015: \$10.0 million).

At 31 March 2016 the Consolidated Entity's borrowings amounted to \$13.5 million (2015: 17.2 million). These borrowings, which are non-recourse to the Company, relate to the bank borrowings of the following subsidiaries:

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

## BC Holdings 1 Pty Ltd – 24.875%

During the year the Consolidated Entity disposed of its interest in Baycorp Holdings Pty Ltd in exchange for \$18.4 million cash, 24.875% equity interest in BC Holdings 1 Pty Ltd (BC Holdings) and \$10 million of stapled loan notes issued by BC Holdings. \$1.85 million of the cash proceeds are held in escrow. In accordance with the Consolidated Entity's accounting policy in relation to investments in associates the investment in BC Holdings has been accounted for at fair value through profit or loss (see note 9).

## EON Broadcasting Pty Ltd – 95%

EON reported revenue for the year of \$9.9 million (2015: \$8.8 million) and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$3.1 million (2015: \$2.7 million) from the operations of the radio stations, Sea FM 91.9 and 92.7 Mix FM.

## Cohort Holdings Australia Pty Ltd – 50%

The equity accounted profit contribution from Cohort for the year to 31 March 2016 is \$1.3 million. The equity accounted profit contribution from Cohort for the prior year (period of ownership from 3 October 2014 to 31 March 2015) was \$0.2 million.

## Crimsafe Holdings Pty Ltd – 97%

Crimsafe reported revenue for the year of \$34 million and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$3.7 million. The investment in Crimsafe was acquired on 21 March 2015. For practical reasons the acquisition was accounted for effective from 31 March 2015. Accordingly the Consolidated Entity did not account for any profit or loss from this investment during the year ending 31 March 2015.

## LIKELY DEVELOPMENTS AND PROSPECTS

The Company will continue its policy of seeking to make investments in opportunities as identified by the Board of Directors and to add value to these over time. Disclosure of specific information regarding likely developments in the activities of the Company and the Consolidated Entity and the expected results of those activities is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly this information has not been disclosed in this report.

## DIVIDENDS

No interim dividend for the year ended 31 March 2016 was declared or paid during the period. No final dividend for the year ended 31 March 2016 has been proposed or declared.

## SHARE CAPITAL

During the year the Company bought back and cancelled 75,637 shares as part of its on market buyback program (2015: Nil).

## PROPOSED CHANGE IN ULTIMATE PARENT

On 28 April 2016 the Company was advised of a conditional agreement entered into by its ultimate parent, Hosken Consolidated Investments Limited, to dispose of its indirect interest in the Company. The proposed disposal is subject to, amongst other things, the approval by the Company's shareholders. Shareholders are referred to the Company's ASX announcement in relation to the proposed transaction.

## 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' Report

For the year ended 31 March 2016

## 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 | 972,701                    |
| Robert Moran     | 935,988                    |
| Brian Scheiner   | 1,031,430                  |

## REMUNERATION REPORT

The Remuneration Report is set out on pages 7 to 10 and forms part of the Directors' Report for the year ended 31 March 2016.

## 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 27 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 11 and forms part of the Directors' Report for the year ended 31 March 2016.

## 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 Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



**Robert Moran**  
Chairman

Dated at Sydney this 25th day of May 2016



# Corporate Governance

Oceania Capital Partners Limited (“the Company”) is a publicly listed company that is governed by the regulations of the Corporations Act 2001. The Company is committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2016 corporate governance statement is dated as at 17 June 2016 and reflects the corporate governance practices in place throughout the 2016 financial year. The 2016 corporate governance statement was approved by the board on 17 June 2016. A description of the Company’s current corporate governance practices is set out in the group’s corporate governance statement which can be viewed at <http://www.oceaniacapital.com.au/corporate-governance-practices>.

# Remuneration Report (Audited)

For the year ended 31 March 2016

This remuneration report, which forms part of the Directors' Report and is audited, sets out information about the remuneration of the Consolidated Entity's key management personnel for the year ended 31 March 2016.

|   |  |
|---|--|
| 1 | Principles used to determine the nature and amount of remuneration |
| 2 | Key management personnel   |
| 3 | Business performance   |
| 4 | Details of key management personnel remuneration                   |
| 5 | Equity instruments and disclosures of key management personnel     |

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

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

The Board of OCP determines remuneration policies and practices and has responsibility for the remuneration packages and other terms of employment for all key management personnel of the Company. The remuneration arrangements of key management personnel employed by investee entities that are members of the Consolidated Entity are governed by the Remuneration Committee or Board of the relevant member entity. The remuneration policies applied by remuneration committees or boards of those entities are consistent with those of the Company, except as maybe required to satisfy the business needs of those entities.

Executive remuneration and other terms of employment are reviewed annually by the relevant remuneration committee or board, having regard to the performance goals set at the start of the year, results of the annual appraisal process, relevant comparative information, and, if necessary, independent expert advice on market compensation levels. As well as a base salary, remuneration packages may include superannuation, retention arrangements, termination entitlements, performance related bonuses, long term incentive arrangements and fringe benefits.

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

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

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

### Fixed remuneration

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

### Performance linked remuneration

Performance linked remuneration is designed to reward key management personnel for meeting or exceeding key performance objectives, comprising both corporate and personal objectives. Performance linked remuneration are in the form of cash bonuses.

### Non-executive director's remuneration

Fees and payments to non-executive directors of the Company reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive directors' fees and payments are reviewed annually by the Board. Remuneration of non-executive directors of the Company is determined by the Board within the maximum amount approved by shareholders from time to time. The maximum amount currently stands at \$1,000,000 per annum in aggregate for all non-executive directors of the Company.

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

The Company's Constitution also allows the Company to remunerate the non-executive directors for any additional or special duties undertaken at the request of the Board. During the year ending 31 March 2016 fees totalling \$124,000 were paid in respect of additional services provided by Robert Moran (2015: nil). Directors' fees are paid in cash.

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

The Company received 98% of "yes" votes on its Remuneration Report for the financial year ending 31 March 2015. The Company did not receive any specific feedback on its Remuneration Report at the Annual General Meeting.

## 2 KEY MANAGEMENT PERSONNEL

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

### Non-executive director

Robert Moran – Chairman

### Executive Directors

Michael Jacobson

Brian Scheiner

### Other senior executive

Lionel Baldwin – Company Secretary and Chief Financial Officer

# Remuneration Report (Audited)

For the year ended 31 March 2016

## 3 BUSINESS PERFORMANCE

The tables below set out summary of the Consolidated Entity's earnings business performance as measured by a range of financial indicators for the last five financial periods to 31 March 2016. For further discussion on financial performance, refer to the review of operations section in the Directors' Report.

|   | 31 March 2016<br>\$'000 | 31 March 2015<br>\$'000 | 31 March 2014<br>\$'000 | 31 March 2013 <sup>i)</sup><br>\$'000 | 30 June 2012<br>\$'000 |
|---|-------------------------|-------------------------|-------------------------|---------------------------------------|------------------------|
| Profit (Loss) after net financing cost/income, income tax, depreciation and amortisation (from continuing operations) | 4,949                   | 2,988                   | (4,853)                 | (3,074)                               | (3,740)                |
| Profit (Loss) attributable to shareholders of Oceania Capital Partners Limited  | 4,854                   | 2,943                   | (4,883)                 | (3,146)                               | (2,022)                |
| Basic earnings per share (cps)  | 13.75                   | 8.33                    | (13.83)                 | (10.86)                               | (3.04)                 |
| Share price at period end (cps)   | 136                     | 134                     | 150                     | 180                                   | 162                    |
| Capital returned per share (cps)  | —                       | —                       | —                       | —                                     | 30                     |

i) nine month period ending 31 March 2013.

## 4 DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

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

### a) For the year ended 31 March 2016:

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

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

# Remuneration Report (Audited)

For the year ended 31 March 2016

## b) For the year ended 31 March 2015:

|                                  | Short-term                                 | Post- employment | Other long-term |                                      |
|----------------------------------|--|------------------|-----------------|--------------------------------------|
|                                  | Cash salary and<br>compensated<br>absences | Superannuation   | Termination     | Annual and<br>long- service<br>leave |
|                                  | \$   | \$               | \$              | \$                                   |
|                                  |  |                  |                 | Total                                |
|                                  |  |                  |                 | \$                                   |
| <b>Non-executive directors</b>   |  |                  |                 |                                      |
| Michael Brogan                   | 31,256                                     | 2,911            | —               | —                                    |
| Ian Tsicalas                     | 39,617                                     | 4,800            | —               | —                                    |
| Robert Moran <sup>(i)</sup>      | 196,167                                    | 23,905           | 262,474         | —                                    |
| <b>Executive Directors</b>       |  |                  |                 |                                      |
| Michael Jacobson <sup>(ii)</sup> | 273,099                                    | 26,901           | —               | 6,217                                |
| Brian Scheiner <sup>(ii)</sup>   | 269,319                                    | 30,681           | —               | 6,217                                |
| <b>Other executive</b>           |  |                  |                 |                                      |
| Lionel Baldwin                   | 210,469                                    | 25,281           | —               | 8,253                                |
|                                  | <b>1,019,927</b>                           | <b>114,479</b>   | <b>262,474</b>  | <b>20,687</b>                        |
|                                  |  |                  |                 | <b>1,417,567</b>                     |

No performance related remuneration was paid in respect of the year ended 31 March 2015.

- During the year Robert Moran transitioned from the role of Executive Managing Director to Non-Executive Managing Director. Fees totalling \$90,000 were paid to a body corporate related to Robert Moran in relation to his service as Non-Executive Chairman. These fees are included as cash salary amounts. The remaining payments to Robert Moran relate to his service as Executive Managing Director.
- Michael Jacobson and Brian Scheiner acted as non-executive directors of the Company until 1 July 2014 when they were appointed as Executive Directors. Included in their total remuneration are amounts of \$75,000 each in relation to their services as non-executive directors with the remaining remuneration being in relation to their services as Executive Directors.

## c) Indemnities and Insurance

Amounts disclosed for remuneration of key management personnel exclude insurance premiums paid by the Consolidated Entity during the period ended 31 March 2016 in respect of Directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual Directors and officers. Information relating to the insurance contracts is set out in the Directors' Report. Disclosure of the total amount of the premium and the nature of the potential liabilities in respect of the policy is expressly prohibited by the policy.

## d) Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements or letters of appointment. These agreements may provide for the provision of performance related cash bonuses and other benefits. Other major provisions of the agreements relating to remuneration are set out below.

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

### Michael Jacobson, Executive Director, Oceania Capital Partners Limited

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

- A base remuneration package of \$300,000 per annum including superannuation. Next annual review March 2017.
- Notice period of 3 months.

### Brian Scheiner, Executive Director, Oceania Capital Partners Limited

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

- A base remuneration package of \$300,000 per annum including superannuation. Next annual review March 2017.
- Notice period of 3 months.

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

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

- A base remuneration package of \$235,750 per annum including superannuation. Next annual review March 2017.
- Notice period of 3 months.

# Remuneration Report (Audited)

For the year ended 31 March 2016

## 5 EQUITY INSTRUMENTS DISCLOSURES OF KEY MANAGEMENT PERSONNEL

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

| Ordinary shares   | Balance at<br>1 April | Purchases | Balance at<br>31 March |
|-------------------|-----------------------|-----------|------------------------|
| <b>2016</b>       |                       |           |                        |
| <b>Directors</b>  |                       |           |                        |
| Michael Jacobson  | 972,701               | —         | 972,701                |
| Robert Moran      | 935,988               | —         | 935,988                |
| Brian Scheiner    | 1,031,430             | —         | 1,031,430              |
| <b>Executives</b> |                       |           |                        |
| Lionel Baldwin    | 250,001               | —         | 250,001                |
| <b>2015</b>       |                       |           |                        |
| <b>Directors</b>  |                       |           |                        |
| Michael Jacobson  | 972,701               | —         | 972,701                |
| Robert Moran      | 935,988               | —         | 935,988                |
| Brian Scheiner    | 1,011,430             | 20,000    | 1,031,430              |
| Michael Brogan    | —                     | —         | —                      |
| Ian Tsicalas      | —                     | —         | —                      |
| <b>Executives</b> |                       |           |                        |
| Lionel Baldwin    | 250,001               | —         | 250,001                |

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

As lead auditor of Oceania Capital Partners Limited for the year ended 31 March 2016, 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, 25 May 2016

# Consolidated Income Statement

For the year ended 31 March 2016

|  | Note | 2016<br>\$'000 | 2015<br>\$'000 |
|--|------|----------------|----------------|
| <i>Continuing operations</i>                                       |      |                |                |
| Revenue from sales   | 3    | 43,865         | 8,785          |
| Other income   | 3    | 492            | 791            |
| <b>Total revenue</b>   |      | <b>44,357</b>  | <b>9,576</b>   |
| Profit on sale of financial assets                                 |      | 568            | 550            |
| Share of profit of jointly controlled entities                     |      | 2,524          | 1,413          |
| Fair value adjustment of financial assets                          |      | (516)          | 791            |
| <b>Total operating income</b>                                      |      | <b>46,933</b>  | <b>12,330</b>  |
| Raw materials and inventory  |      | (19,014)       | —              |
| Due diligence and transaction costs                                |      | (472)          | (84)           |
| Broadcast production costs   |      | (672)          | (647)          |
| Employee benefits expense  |      | (9,073)        | (4,287)        |
| Selling costs  |      | (1,336)        | (1,229)        |
| Promotions and marketing   |      | (3,747)        | (115)          |
| Administration and other operating expenses                        |      | (5,263)        | (1,932)        |
| Depreciation   | 11   | (418)          | (138)          |
| Financing costs  |      | (787)          | (299)          |
| <b>Profit before income tax</b>                                    |      | <b>6,151</b>   | <b>3,599</b>   |
| Income tax expense   | 4    | (1,202)        | (611)          |
| <b>Profit for the year</b>   |      | <b>4,949</b>   | <b>2,988</b>   |
| Attributable to:   |      |                |                |
| Equity holders of the parent entity                                |      | 4,854          | 2,943          |
| Non-controlling interests  |      | 95             | 45             |
| <b>Profit for the year</b>   |      | <b>4,949</b>   | <b>2,988</b>   |
|  |      | <b>Cents</b>   | <b>Cents</b>   |
| Basic earnings per share attributable to ordinary equity holders   | 28   | 13.75          | 8.33           |
| Diluted earnings per share attributable to ordinary equity holders | 28   | 13.75          | 8.33           |

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



# Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

|  | Note | 2016<br>\$'000 | 2015<br>\$'000 |
|--|------|----------------|----------------|
| <b>Profit for the year</b>   |      | <b>4,949</b>   | <b>2,988</b>   |
| <b>Other comprehensive income</b>                                    |      |                |                |
| <i>Items that may be reclassified subsequently to profit or loss</i> |      |                |                |
| Share of reserves of jointly controlled entities                     | 19   | (978)          | 602            |
| Reclassification of other comprehensive loss to profit or loss       |      | (26)           | —              |
| Exchange differences on translation of foreign operations            |      | (48)           | —              |
| Other comprehensive (loss) income for the period, net of income tax  |      | (1,052)        | 602            |
| <b>Total comprehensive income for the year</b>                       |      | <b>3,897</b>   | <b>3,590</b>   |
| <b>Attributable to:</b>  |      |                |                |
| Equity holders of the parent entity                                  |      | 3,803          | 3,545          |
| Non-controlling interests  |      | 94             | 45             |
| <b>Total comprehensive income for the year</b>                       |      | <b>3,897</b>   | <b>3,590</b>   |

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

# Consolidated Statement of Financial Position

For the year ended 31 March 2016

|  | Note | 2016<br>\$'000 | 2015<br>\$'000<br>Restated |
|--|------|----------------|----------------------------|
| <b>ASSETS</b>  |      |                |                            |
| <b>Current assets</b>  |      |                |                            |
| Cash and cash equivalents  | 5    | 17,165         | 9,956                      |
| Trade and other receivables  | 6    | 6,839          | 7,281                      |
| Inventory  | 7    | 4,990          | 5,258                      |
| Other financial assets   | 8,9  | 12,247         | 1,591                      |
| Current tax assets   | 13   | 92             | 241                        |
| <b>Total current assets</b>  |      | <b>41,333</b>  | <b>24,327</b>              |
| <b>Non-current assets</b>  |      |                |                            |
| Other receivables  | 6    | 712            | 906                        |
| Investments accounted for using the equity method                        | 10   | 6,824          | 40,364                     |
| Other financial assets   | 8,9  | 17,345         | —                          |
| Property, plant and equipment  | 11   | 1,677          | 1,772                      |
| Intangible assets  | 12   | 36,950         | 36,950                     |
| Deferred tax asset   | 13   | 260            | 265                        |
| <b>Total non-current assets</b>  |      | <b>63,768</b>  | <b>80,257</b>              |
| <b>Total assets</b>  |      | <b>105,101</b> | <b>104,584</b>             |
| <b>LIABILITIES</b>   |      |                |                            |
| <b>Current liabilities</b>   |      |                |                            |
| Trade and other payables   | 14   | 4,070          | 3,438                      |
| Borrowings   | 16   | 1,906          | 3,232                      |
| Current tax liabilities  | 13   | 275            | 330                        |
| Employee benefits  | 15   | 379            | 433                        |
|  |      | <b>6,630</b>   | <b>7,433</b>               |
| <b>Non-current liabilities</b>   |      |                |                            |
| Borrowings   | 16   | 11,552         | 13,989                     |
| Employee benefits  | 15   | 253            | 286                        |
|  |      | 11,805         | 14,275                     |
| <b>Total Liabilities</b>   |      | <b>18,435</b>  | <b>21,708</b>              |
| <b>Net assets</b>  |      | <b>86,666</b>  | <b>82,876</b>              |
| <b>EQUITY</b>  |      |                |                            |
| Issued capital   | 18   | 243,359        | 243,466                    |
| Reserves   | 19   | 25,643         | 26,694                     |
| Accumulated losses   |      | (183,155)      | (188,009)                  |
| <b>Equity attributable to owners of Oceania Capital Partners Limited</b> |      | <b>85,847</b>  | <b>82,151</b>              |
| Non-controlling interests  |      | 819            | 725                        |
| <b>Total equity</b>  |      | <b>86,666</b>  | <b>82,876</b>              |

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

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

|   | Note | Contributed<br>Equity<br>\$'000 | Equity<br>reserve<br>\$'000 | Foreign<br>Exchange<br>translation<br>reserve <sup>i)</sup><br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>equity<br>\$'000 |
|---|------|---------------------------------|-----------------------------|---|---------------------------------|-----------------|--|---------------------------|
| <b>Balance at 1 April 2014</b>                              |      | 243,466                         | 25,690                      | 402   | (190,952)                       | 78,606          | 380  | 78,986                    |
| Profit for the year   |      | —                               | —                           | —   | 2,943                           | 2,943           | 45   | 2,988                     |
| Other comprehensive income                                  | 19   | —                               | —                           | 602   | —                               | 602             | —  | 602                       |
| <b>Total comprehensive income</b>                           |      | <b>—</b>                        | <b>—</b>                    | <b>602</b>  | <b>2,943</b>                    | <b>3,545</b>    | <b>45</b>                                  | <b>3,590</b>              |
| <i>Transactions with owners in their capacity as owners</i> |      |                                 |                             |   |                                 |                 |  |                           |
| Shares issued by subsidiary                                 |      | —                               | —                           | —   | —                               | —               | 300  | 300                       |
| <b>Balance at 31 March 2015</b>                             |      | <b>243,466</b>                  | <b>25,690</b>               | <b>1,004</b>  | <b>(188,009)</b>                | <b>82,151</b>   | <b>725</b>                                 | <b>82,876</b>             |
| <b>Balance at 1 April 2015</b>                              |      | <b>243,466</b>                  | <b>25,690</b>               | <b>1,004</b>  | <b>(188,009)</b>                | <b>82,151</b>   | <b>725</b>                                 | <b>82,876</b>             |
| Profit for the year   |      | —                               | —                           | —   | 4,854                           | 4,854           | 95   | 4,949                     |
| Other comprehensive income                                  | 19   | —                               | —                           | (1,051)   | —                               | (1,051)         | (1)  | (1,052)                   |
| <b>Total comprehensive income</b>                           |      | <b>—</b>                        | <b>—</b>                    | <b>(1,051)</b>  | <b>4,854</b>                    | <b>3,803</b>    | <b>94</b>                                  | <b>3,897</b>              |
| <i>Transactions with owners in their capacity as owners</i> |      |                                 |                             |   |                                 |                 |  |                           |
| Repurchase of shares  |      | (107)                           | —                           | —   | —                               | (107)           | —  | (107)                     |
| <b>Balance at 31 March 2016</b>                             |      | <b>243,359</b>                  | <b>25,690</b>               | <b>(47)</b>   | <b>(183,155)</b>                | <b>85,847</b>   | <b>819</b>                                 | <b>86,666</b>             |

i) includes share of reserves in equity accounted joint venture.

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

# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

|  | Note | 2016<br>\$'000 | 2015<br>\$'000  |
|--|------|----------------|-----------------|
| <b>Cash flows from operating activities</b>                        |      |                |                 |
| Receipts from customers (inclusive of GST)                         |      | 48,567         | 9,004           |
| Payments to suppliers (inclusive of GST)                           |      | (43,118)       | (8,490)         |
| Interest received  |      | 221            | 679             |
| Income taxes paid  |      | (1,058)        | (392)           |
| <b>Net cash inflow from operating activities</b>                   | 29   | <b>4,612</b>   | <b>801</b>      |
| <b>Cash flows from investing activities</b>                        |      |                |                 |
| Proceeds from sale of other financial assets                       |      | 917            | 8,897           |
| Dividends received   |      | 774            | —               |
| Payments for purchase of property, plant and equipment             |      | (323)          | (211)           |
| Payments for purchase of investment in jointly controlled entities |      | —              | (6,127)         |
| Proceeds received on repayment of loan by joint venture            |      | 251            | —               |
| Payments for purchase of other financial assets                    |      | (10,855)       | (9,054)         |
| Proceeds on disposal of interest in joint venture                  |      | 16,489         | —               |
| Payment for acquisition of subsidiary, net of cash acquired        | 23   | —              | (28,811)        |
| <b>Net cash inflow (outflow) from investing activities</b>         |      | <b>7,253</b>   | <b>(35,306)</b> |
| <b>Cash flows from financing activities</b>                        |      |                |                 |
| Repurchase of shares   |      | (107)          | —               |
| Proceeds from borrowings   |      | —              | 11,180          |
| Repayment of borrowings  |      | (3,764)        | (750)           |
| Payment of interest and borrowing costs                            |      | (785)          | (293)           |
| <b>Net cash (outflow) inflow from financing activities</b>         |      | <b>(4,656)</b> | <b>10,137</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>        |      | <b>7,209</b>   | <b>(24,368)</b> |
| Cash and cash equivalents at the beginning of the year             |      | 9,956          | 34,324          |
| <b>Cash and cash equivalents at the end of the year</b>            | 5    | <b>17,165</b>  | <b>9,956</b>    |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

This consolidated financial report for the year ended 31 March 2016 comprises Oceania Capital Partners Limited ("the Company"), its subsidiaries (together referred to as the "Consolidated Entity") and the Consolidated Entity's interest in associates and jointly controlled entities. The principal accounting policies adopted in the preparation of the consolidated financial report are set out below, and have been consistently applied by each entity in the Consolidated Entity to all periods presented, unless otherwise stated.

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

The principal activity of the Company is investment. The Company has invested in operating businesses, whether privately owned or publicly listed, with decisions being based on the fundamental investment characteristics of the business. The primary focus is on investing capital in businesses which will grow over the investment period, enabling a successful profitable exit for the Company. The Company, either directly or through subsidiary entities, has invested in a number of businesses, including those that operate in the financial services, commercial radio broadcasting, digital lead generation, security screens, healthcare technology and security industries. The investment in the security industry was exited in April 2011. The investment in the healthcare technology industry was exited in July 2011.

The financial statements were approved by the Board of Directors on 25 May 2016.

### a) Statement of Compliance

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

### b) Basis of Preparation

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

- derivative financial instruments
- financial assets

The methods used to measure fair values are discussed further in note 8.

### c) 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.

### d) Rounding

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

### e) Use of Estimates and Judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement of the recoverable amount of equity accounted investments and the decision not to consolidate these investments (Note 10), financial assets at fair value through profit or loss (Note 8) and tax losses (Note 4), assumptions regarding the indefinite useful life of radio broadcast licences (Note 1(p)) and impairment testing of intangible assets (Note 12).

### f) Principles of Consolidation

#### Subsidiaries

The consolidated financial statements of Oceania Capital Partners Limited incorporate the assets and liabilities of all entities controlled by the Company as at 31 March 2016 and the results of all controlled entities for the year then ended. Control exists when the Consolidated Entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

#### Business combinations

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

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

### *Associates and jointly controlled entities*

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

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

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

### *Transactions eliminated on consolidation*

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

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

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

## g) Foreign Currency Translation

### *Foreign currency transactions and balances*

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

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

### *Foreign operations*

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

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

## h) Revenue recognition

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

### *Interest income*

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

### *Dividend income*

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

### *Commercial radio broadcasting*

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

### *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.

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### i) Financing Costs

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

### j) Operating Leases

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

### k) Income Tax

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

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

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

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

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

### Tax consolidation

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

### l) Inventory

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.

### m) Non-Derivative Financial Instruments

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

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

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

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

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

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

### Loans and receivables

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

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

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



# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Entity's cash management strategy are reported within liabilities in the Statement of Financial Position, but included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### *Trade receivables*

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

### *Impairment*

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

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

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

#### (ii) *Financial Assets at Fair Value through Profit or Loss*

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

### **n) Derivative Financial Instruments**

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

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

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

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

### *Cash flow hedges*

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

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

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

### *Hedges of a net investment*

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Fair Values

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

### o) Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, refer note 1(u). 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.

### p) Intangible Assets

#### Goodwill

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

#### Brands

A brand is considered to have an indefinite life if it has a history of strong revenue and cash flow performance, and the Consolidated Entity's intent and ability to support the brand with marketplace spending for the foreseeable future. If these perpetual brand criteria are not met, brands are amortised over their expected useful lives. Brand development costs are expensed as incurred. Brands are also acquired in business combinations. Upon acquisition, the purchase price is first allocated to identifiable assets and liabilities, including brands, based on estimated fair value, with any remaining purchase price recorded as goodwill. Determining fair value requires significant estimates and assumptions based on an evaluation of a number of factors, such as marketplace participants, product life cycles, market share, consumer awareness, brand history and future expansion expectations, amount and timing of future cash flows and the discount rate applied to the cash flows.

Having regard to the strong revenue and cashflow performance associated with the "Crimsafe" brand together with the Consolidated Entity's intention and ability to support the brand with market place spend, the "Crimsafe" brand name and any other marketing related intangible assets have been assessed as having an indefinite life and are according not amortised.

### Radio broadcasting licences

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

### q) Trade and other Payables

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

### r) Interest-Bearing Loans and Borrowings

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

### s) Employee Entitlements

#### Wages and salaries and annual leave

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

#### Long service leave

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

#### Profit-sharing and bonus plans

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

### t) Provisions

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### u) Impairment of Non-Financial Assets

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

### v) Issued Capital

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

### w) 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.

### x) Segment Reporting

Operating segments are determined based on the industry sectors in which the Consolidated Entity has invested which is consistent with the business plan to invest in operating businesses.

### y) Investments Classified as Held for Sale

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

### z) New and Amended Accounting Standards and Interpretations

#### *New accounting standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2016 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 this financial report, but may change disclosures made in relation to the Consolidated Entity,

- AASB 15 – *Revenue from contracts with customers* – effective for accounting periods commencing 1 January 2017
- AASB 16 – *Leases* – effective for accounting periods commencing 1 January 2019.

#### *New and amended accounting standards adopted by the Consolidated Entity*

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 2 SEGMENT INFORMATION

Operating segments are determined based on the industry sectors in which the Consolidated Entity has invested, which is consistent with the business plan to invest in operating businesses. The primary operating segments during the current financial period were:

- **Financial Services** : receivables management
- **Commercial Radio Broadcasting** : operation of FM radio stations
- **Digital lead generation** : online lead generation and marketing
- **Security screens** : supply of door and window security screens

Segment information is disclosed in manner that reflects the management information reviewed by the Chief Operating Decision Maker and on a financial reporting basis to reflect that the Consolidated Entity does not fully own and, therefore does not consolidate all the businesses in which it has invested.

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

### Segment revenues and results

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

|   | Segment revenue |                | Segment profit (loss) |                |
|---|-----------------|----------------|-----------------------|----------------|
|   | 2016<br>\$'000  | 2015<br>\$'000 | 2016<br>\$'000        | 2015<br>\$'000 |
| Commercial radio broadcasting                       | 9,915           | 8,785          | 2,674                 | 2,235          |
| Security screens                                    | 33,950          | —              | 2,749                 | —              |
| Financial services                                  | —               | —              | 1,081                 | 1,168          |
| Digital lead generation                             | —               | —              | 1,263                 | 250            |
| Unallocated   | —               | —              | 6                     | 1,435          |
|   | 43,865          | 8,785          | 7,773                 | 5,088          |
| Interest income                                     |                 |                | 277                   | 697            |
| Central administration and employee costs           |                 |                | (1,899)               | (2,186)        |
| <b>Profit before tax from continuing operations</b> |                 |                | <b>6,151</b>          | <b>3,599</b>   |

Segment profit reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (2015: nil).

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

### Segment assets and liabilities

|                               | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------|----------------|----------------|
| <b>Segment assets</b>         |                |                |
| Commercial radio broadcasting | 20,051         | 19,668         |
| Financial services            | 16,418         | 34,243         |
| Digital lead generation       | 6,824          | 6,121          |
| Security screens              | 34,867         | 35,654         |
| Total segment assets          | 78,160         | 95,686         |
| Unallocated                   | 26,941         | 8,898          |
| <b>Total assets</b>           | <b>105,101</b> | <b>104,584</b> |
| <b>Segment liabilities</b>    |                |                |
| Commercial radio broadcasting | 5,138          | 5,850          |
| Security screens              | 12,887         | 15,650         |
| Total segment liabilities     | 18,025         | 21,500         |
| Unallocated                   | 410            | 208            |
| <b>Total liabilities</b>      | <b>18,435</b>  | <b>21,708</b>  |

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

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 2 SEGMENT INFORMATION (CONTINUED)

### Other segment information

|                               | Depreciation   |                | Additions to Property, plant and equipment and Intangibles |                |
|-------------------------------|----------------|----------------|--|----------------|
|                               | 2016<br>\$'000 | 2015<br>\$'000 | 2016<br>\$'000   | 2015<br>\$'000 |
| Commercial radio broadcasting | 157            | 133            | 250  | 209            |
| Security screens              | 258            | —              | 127  | 1,223          |
| Unallocated                   | 3              | 5              | 3  | 11             |
|                               | <b>418</b>     | <b>138</b>     | <b>380</b>   | <b>1,443</b>   |

The Consolidated Entity operated materially in one geographic area, being the Asia Pacific region.

## NOTE 3 REVENUE

|                      | 2016<br>\$'000 | 2015<br>\$'000 |
|----------------------|----------------|----------------|
| <b>Sales revenue</b> |                |                |
| Advertising revenue  | 9,915          | 8,785          |
| Sale of goods        | 33,950         | —              |
|                      | <b>43,865</b>  | <b>8,785</b>   |
| <b>Other income</b>  |                |                |
| Interest income      | 277            | 697            |
| Dividend income      | 215            | 94             |
|                      | <b>492</b>     | <b>791</b>     |

## NOTE 4 INCOME TAX

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

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| Current tax   | (1,198)        | (507)          |
| Deferred tax  | (4)            | (104)          |
| Income tax benefit (expense)  | <b>(1,202)</b> | <b>(611)</b>   |
| Deferred income tax (expense) benefit included in income tax expense comprises: |                |                |
| (Decrease) increase in deferred tax assets                                      | (4)            | 68             |
| Transfer from equity accounted share of joint venture reserves                  | —              | (172)          |
|   | <b>(4)</b>     | <b>(104)</b>   |

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

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| Profit for the year  | 4,949          | 2,988          |
| Total income tax (benefit) expense   | 1,202          | 611            |
| Loss excluding income tax  | 6,151          | 3,599          |
| Income tax at the Australian tax rate of 30% (2015: 30%)                               | 1,845          | 1,080          |
| Tax effect of amounts that are not (taxable) deductible in calculating taxable income: |                |                |
| – Non-deductible expenses  | 6              | 5              |
| – Equity accounted results of jointly controlled entities                              | (758)          | (424)          |
| – Franking credits converted to tax losses   | 91             | 8              |
| – Previously unrecognised tax losses now recouped                                      | —              | (223)          |
| – Other timing differences   | 18             | 165            |
| <b>Total income tax expense</b>  | <b>1,202</b>   | <b>611</b>     |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 4 INCOME TAX (CONTINUED)

### c) Tax losses

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| Unused tax losses for which no deferred tax asset has been recognised | 196,223        | 188,439        |
| Potential tax benefit at 30%  | 58,867         | 56,532         |

The tax losses at 31 March were incurred by Australian entities.

### d) Unrecognised temporary differences

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| Deductible temporary difference relating to investment in equity accounted joint venture | 948            | 10,027         |
| Other assessable/deductible temporary differences  | 141            | (287)          |
|  | 1,089          | 9,740          |
| Unrecognised deferred tax asset relating to the above temporary differences              | 327            | 2,937          |

## NOTE 5 CASH AND CASH EQUIVALENTS

|                  | 2016<br>\$'000 | 2015<br>\$'000 |
|------------------|----------------|----------------|
| Cash at bank     | 4,489          | 4,986          |
| Deposits at call | 12,676         | 4,970          |
|                  | 17,165         | 9,956          |

Cash balances of Nil (2015: \$1,289,371) have been pledged as security for borrowings.

## NOTE 6 TRADE AND OTHER RECEIVABLES

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| Trade receivables                      | 6,370          | 7,025          |
| Provision for doubtful debts           | (24)           | (84)           |
| Interest receivable                    | 23             | 35             |
| Pre-payments and other receivables     | 470            | 305            |
| <b>Current</b>                         | <b>6,839</b>   | <b>7,281</b>   |
| Loan to equity accounted joint venture | —              | 251            |
| Other loans receivable                 | 712            | 655            |
| <b>Non-current</b>                     | <b>712</b>     | <b>906</b>     |

The Consolidated entity has recognised an expense in respect of bad and doubtful trade receivables during the period ended 31 March 2016 of \$27,216 (2015: \$44,882). The provision for doubtful debts is based on known bad debts and past experience for receipt of trade debtors.

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 7 INVENTORY

|                       | 2016<br>\$'000 | 2015<br>\$'000 |
|-----------------------|----------------|----------------|
| Current               |                |                |
| <b>Finished goods</b> | <b>4,990</b>   | <b>5,258</b>   |

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

The Consolidated Entity recognised \$19.0 million of inventories as an expense during the year ended 31 March 2016 (2015: nil).

## NOTE 8 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### 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<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>2016</b>   |                   |                   |                   |                 |
| <i>Financial assets designated at fair value through profit or loss</i> |                   |                   |                   |                 |
| Listed securities   | 11,320            | —                 | —                 | 11,320          |
| Unlisted investment in BC Holdings 1 Pty Ltd (BC Holdings)              | —                 | —                 | 16,418            | 16,418          |
|   | <b>11,320</b>     | <b>—</b>          | <b>16,418</b>     | <b>27,738</b>   |

### 2015

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

|                          |              |          |          |              |
|--------------------------|--------------|----------|----------|--------------|
| <b>Listed securities</b> | <b>1,591</b> | <b>—</b> | <b>—</b> | <b>1,591</b> |
|--------------------------|--------------|----------|----------|--------------|

### b) Valuation techniques used to determine fair values

#### Level 1

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

#### Level 2 & 3

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques and/or consideration of specific circumstances affecting recovery of the financial instruments at balance date.

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

### c) Fair value of 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 Statement of Financial Position. 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

For the year ended 31 March 2016

## NOTE 9 OTHER FINANCIAL ASSETS

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| <i>Current</i>                                |                |                |
| Other financial assets through profit or loss |                |                |
| – Investment in listed securities             | 11,320         | 1,591          |
| Other   |                |                |
| – Escrowed sale proceeds                      | 927            | —              |
|   | <b>12,247</b>  | <b>1,591</b>   |
| <i>Non-current</i>                            |                |                |
| Other financial assets through profit or loss |                |                |
| – Investment in BC Holdings 1 Pty Limited     | 16,418         | —              |
| Other   |                |                |
| – Escrowed sale proceeds                      | 927            | —              |
|   | <b>17,345</b>  | <b>—</b>       |

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

## NOTE 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in jointly controlled entities

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

| Name of entity                               | Principal activity     | % of ownership interest |           | Carrying amount |                |
|--|------------------------|-------------------------|-----------|-----------------|----------------|
|  |                        | 2016<br>%               | 2015<br>% | 2016<br>\$'000  | 2015<br>\$'000 |
| Baycorp Holdings Pty Limited (“Baycorp”)     | Receivables management | 0.00                    | 52.76     | —               | 34,243         |
| Cohort Holdings Australia Pty Ltd (“Cohort”) | Online lead generation | 50.00                   | 50.00     | 6,824           | 6,121          |
|  |                        |                         |           | <b>6,824</b>    | <b>40,364</b>  |

- i) During the year the Consolidated Entity disposed of its interest in Baycorp in exchange for \$18.4 million cash, 24.875% equity interest in BC Holdings 1 Pty Ltd (BC Holdings) and \$10 million of stapled loan notes issued by BC Holdings. In accordance with the Consolidated Entity’s accounting policy in relation to investments in associates, the Consolidated Entity has elected to account for the investment in BC Holdings at fair value through profit or loss (see note 9), this is considered appropriate having regard to the Company’s business model. Notwithstanding the ownership level of above 50.0% in the period prior to the disposal, the Consolidated Entity did not have the capacity to control the activities and decision making of Baycorp as the investment was a jointly controlled entity under the terms of a shareholders’ agreement. Accordingly, the equity method of accounting was applied.
- ii) Notwithstanding the ownership level of 50.0%, the Consolidated Entity does not have the capacity to control the activities and decision making of Cohort as the investment is a jointly controlled entity under the terms of a shareholders’ agreement. Accordingly, the equity method of accounting is applied.

Summarised financial information in respect of each of the Consolidated Entity’s investment in joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture’s financial statements. Where appropriate they have been amended to reflect adjustments made by the Consolidated Entity when applying the equity method, such as fair value adjustments at acquisition and adjustments for any differences in accounting policies.

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

### a) Baycorp

|   | 2015          |
|---|---------------|
|   | \$'000        |
| <b>Summarised statement of financial position</b>   |               |
| Current assets                                      |               |
| – Cash and cash equivalents                         | 2,600         |
| – Other current assets                              | 50,162        |
| Total current assets                                | 52,762        |
| Non-current assets                                  |               |
| – Goodwill  | 37,567        |
| – Other non-current assets                          | 55,553        |
| Total non-current assets                            | 93,120        |
| Current liabilities                                 |               |
| – Financial liabilities (excluding trade payables)  | 3,622         |
| – Other current liabilities                         | 11,316        |
| Total current liabilities                           | 14,938        |
| Non-current liabilities                             |               |
| – Financial liabilities (excluding trade payables)  | 41,449        |
| – Other non-current liabilities                     | 10,614        |
| Total non-current liabilities                       | 52,063        |
| <b>Net assets</b>                                   | <b>78,881</b> |
|   | <b>2015</b>   |
|   | <b>\$'000</b> |
| <b>Reconciliation to carrying amounts</b>           |               |
| Opening net assets                                  | 75,857        |
| Profit (loss) for the period                        | 2,213         |
| Other comprehensive income                          | 811           |
| Buy-back of shares                                  | —             |
| Closing net assets                                  | 78,881        |
| Consolidated Entity's share in %                    | 52.76         |
| Consolidated Entity's share \$                      | 41,619        |
| Impairment of carrying value                        | (4,888)       |
| Benefit arising from equity transactions            | (2,488)       |
| <b>Carrying amount</b>                              | <b>34,243</b> |
|   | <b>2015</b>   |
|   | <b>\$'000</b> |
| <b>Summarised statement of comprehensive income</b> |               |
| Revenue   | 57,971        |
| Depreciation and amortisation                       | (792)         |
| Net interest expense                                | (2,934)       |
| Income tax (expense) benefit                        | (664)         |
| <b>Profit (loss) from continuing operations</b>     | <b>2,213</b>  |
| Profit from discontinued operations                 | —             |
| <b>Profit (loss) for the year</b>                   | <b>2,213</b>  |
| Other comprehensive income                          | 811           |
| <b>Total comprehensive income</b>                   | <b>3,024</b>  |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

### b) Cohort

|  | 2016         | 2015         |
|--|--------------|--------------|
| Summarised statement of financial position         | \$'000       | \$'000       |
| <b>Current assets</b>                              |              |              |
| – Cash and cash equivalents                        | 2,362        | 1,301        |
| – Other current assets                             | 5,531        | 2,557        |
| Total current assets                               | 7,893        | 3,858        |
| <b>Non-current assets</b>                          |              |              |
| – Goodwill   | 145          | 145          |
| – Other non-current assets                         | 539          | 1,512        |
| Total non-current assets                           | 684          | 1,657        |
| <b>Current liabilities</b>                         |              |              |
| – Financial liabilities (excluding trade payables) | 212          | 50           |
| – Other current liabilities                        | 5,419        | 3,747        |
| Total current liabilities                          | 5,631        | 3,797        |
| <b>Non-current liabilities</b>                     |              |              |
| – Financial liabilities (excluding trade payables) | —            | 251          |
| – Other non-current liabilities                    | 10           | —            |
| Total non-current liabilities                      | 10           | 251          |
| <b>Net assets</b>                                  | <b>2,936</b> | <b>1,467</b> |
|  |              |              |
| Reconciliation to carrying amounts                 | 2016         | 2015         |
|  | \$'000       | \$'000       |
| Opening net assets                                 | 1,467        | —            |
| Profit for the period                              | 1,528        | 502          |
| Other comprehensive income                         | (59)         | 2            |
| Net assets on acquisition                          | —            | 963          |
| Closing net assets                                 | 2,936        | 1,467        |
| Minority interest                                  | (122)        | (6)          |
|  | 2,814        | 1,461        |
| Consolidated Entity's share in %                   | 50.00        | 50.00        |
| Consolidated Entity's share \$                     | 1,407        | 730          |
| Goodwill   | 5,417        | 5,391        |
| <b>Carrying amount</b>                             | <b>6,824</b> | <b>6,121</b> |
|  |              |              |
| Summarised statement of comprehensive income       | 2016         | 2015         |
|  | \$'000       | \$'000       |
| Revenue  | 26,991       | 9,520        |
| Depreciation and amortisation                      | 157          | 49           |
| Net interest expense                               | 6            | 6            |
| Income tax (expense) benefit                       | (892)        | 255          |
| <b>Profit from continuing operations</b>           | <b>1,528</b> | <b>502</b>   |
| Profit from discontinued operations                | —            | —            |
| <b>Profit for the period</b>                       | <b>1,528</b> | <b>502</b>   |
| Other comprehensive (loss) income                  | (59)         | 2            |
| <b>Total comprehensive income</b>                  | <b>1,469</b> | <b>504</b>   |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 11 PROPERTY, PLANT AND EQUIPMENT

|                                 | Leasehold<br>improvements<br>\$'000 | Plant and<br>equipment<br>\$'000 | Total<br>\$'000 |
|---------------------------------|-------------------------------------|----------------------------------|-----------------|
| <b>Cost</b>                     |                                     |                                  |                 |
| Balance at 1 April 2014         | 119                                 | 583                              | 702             |
| Additions                       | 5                                   | 215                              | 220             |
| Disposals                       | (28)                                | (57)                             | (85)            |
| Acquisition of subsidiary       | 57                                  | 1,164                            | 1,221           |
| Balance at 31 March 2015        | 153                                 | 1,905                            | 2,058           |
| Additions                       | 7                                   | 373                              | 380             |
| Disposals                       | —                                   | (117)                            | (117)           |
| <b>Balance at 31 March 2016</b> | <b>160</b>                          | <b>2,161</b>                     | <b>2,321</b>    |
| <b>Accumulated depreciation</b> |                                     |                                  |                 |
| Balance at 1 April 2014         | 36                                  | 195                              | 231             |
| Depreciation                    | —                                   | 138                              | 138             |
| Disposal                        | (28)                                | (55)                             | (83)            |
| Balance at 31 March 2015        | 8                                   | 278                              | 286             |
| Depreciation                    | 8                                   | 410                              | 418             |
| Disposals                       | —                                   | (60)                             | (60)            |
| <b>Balance at 31 March 2016</b> | <b>16</b>                           | <b>628</b>                       | <b>644</b>      |
| <b>Carrying amounts</b>         |                                     |                                  |                 |
| At 31 March 2015                | 145                                 | 1,628                            | 1,772           |
| At 31 March 2016                | 144                                 | 1,533                            | 1,677           |

## NOTE 12 INTANGIBLE ASSETS

|                                       | 2016<br>\$'000 | 2015<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <i>Commercial radio licences</i>      |                |                |
| <b>Cost</b>                           | 10,000         | 10,000         |
| <i>Brands and related intangibles</i> |                |                |
| <b>Cost</b>                           |                |                |
| Balance at the beginning of the year  | 8,500          | —              |
| Acquisition of subsidiary             | —              | 8,500          |
|                                       | 8,500          | 8,500          |
| <i>Goodwill</i>                       |                |                |
| <b>Cost</b>                           |                |                |
| Balance at the beginning of the year  | 18,450         | 6,438          |
| Acquisition of subsidiary             | —              | 12,012         |
|                                       | 18,450         | 18,450         |
| <b>Total non-current</b>              | <b>36,950</b>  | <b>36,950</b>  |

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

A segment level summary of goodwill allocation is presented below:

|                               | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------|----------------|----------------|
| Commercial radio broadcasting | 6,438          | 6,438          |
| Security screens              | 12,012         | 12,012         |
|                               | 18,450         | 18,450         |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 12 INTANGIBLE ASSETS (CONTINUED)

### Commercial radio broadcasting

The recoverable amount of the commercial radio broadcasting CGU at 31 March 2016 was determined based on a value in use discounted cash flow model.

The value in use calculations use cash flow projections based on the 2017 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.

Assumptions used in the value in use calculation include a pre-tax discount rate of 13.5% (2015: 13.5%), revenue and operating cost growth rates of 4% and 3% respectively and a long term growth rate of 2.5% (2015: 2.5%).

As at 31 March 2016 an increase in the discount rate of 13.5% to 20% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity would result in the commercial radio CGU carrying amount exceeding its recoverable amount. If either the revenue growth assumption was to decrease from 4% to 0% or the operating expense growth assumption was to increase from 3% to 8% over the forecast period it would result in the commercial radio CGU carrying amount exceeding its recoverable amount.

### Security screens

The recoverable amount of the security screen CGU at 31 March 2016 was determined based on a value in use discounted cash flow model.

The value in use calculations use cash flow projections based on the 2017 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.

Assumptions used in the value in use calculation include a pre-tax discount rate of 14.5% (2015: 14.5%), revenue and operating cost growth rates of 4% and 3% respectively and a long term growth rate of 2.5%.

As at 31 March 2016 an increase in the discount rate of 14.5% to 22% to reflect a higher cost of debt finance than currently forecast or other changes in the cost of equity would result in the security screen CGU carrying amount exceeding its recoverable amount. If either the revenue growth assumption was to decrease from 4% to 0% or the operating expense growth assumption was to increase from 3% to 8% over the forecast period it would result in the commercial radio CGU carrying amount exceeding its recoverable amount.

## NOTE 13 TAX ASSETS AND LIABILITIES

### a) Current tax assets and liabilities

The current tax asset at 31 March 2016 of \$92,000 (2015: \$241,000) represents the amount of taxes receivable in the current period.

The current tax liability at 31 March 2016 of \$275,000 (2015: \$330,000) represents the amount of taxes payable in respect of the current period.

### b) Deferred tax assets and liabilities

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| Employee entitlements                     | 246            | 251            |
| Deductible business related capital costs | —              | —              |
| Other items                               | 14             | 14             |
|   | <b>260</b>     | <b>265</b>     |
| Movements:                                |                |                |
| Opening balance                           | 265            | 56             |
| Credited to profit or loss                | (5)            | 68             |
| Acquisition of subsidiary                 | —              | 141            |
| <b>Closing balance</b>                    | <b>260</b>     | <b>265</b>     |

## NOTE 14 TRADE AND OTHER PAYABLES

|                                      | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Trade creditors                      | 2,670          | 2,480          |
| Other creditors and accrued expenses | 1,400          | 958            |
|                                      | <b>4,070</b>   | <b>3,438</b>   |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 15 EMPLOYEE BENEFITS

|                                  | 2016<br>\$'000 | 2015<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Current</b>                   |                |                |
| Provision for annual leave       | 333            | 388            |
| Provision for long service leave | 46             | 45             |
|                                  | <b>379</b>     | <b>433</b>     |
| <b>Non-current</b>               |                |                |
| Provision for long-service leave | 253            | 286            |

## NOTE 16 BORROWINGS

|                         | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------|----------------|----------------|
| <b>Current</b>          |                |                |
| Secured bank borrowings | 1,906          | 3,232          |
| <b>Non-current</b>      |                |                |
| Secured bank borrowings | 11,552         | 13,989         |

### Secured bank borrowings

- i) Secured term loan of \$3.81 million (2015: \$4.56 million) bearing interest at BBSY plus 3.05%, repayable over 4 years, with the final instalment due on 5 November 2017. The loan is secured over all of the assets of the Company's subsidiaries EON Broadcasting Pty Ltd ("EON") and Sunshine Coast Broadcasters Pty Ltd. The carrying value of assets pledged as security is as follows:

|                          | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------|----------------|----------------|
| Total current assets     | 2,869          | 2,569          |
| Total non-current assets | 17,182         | 17,099         |
| <b>Total assets</b>      | <b>20,051</b>  | <b>19,668</b>  |

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

- ii) Secured term loan of \$9.63 million (2015: \$11.25 million) bearing interest at BBSY plus 2.75% repayable over 5 years, with the final instalment due in March 2020. The loan is secured of 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:

|                          | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------|----------------|----------------|
| Total current assets     | 13,301         | 13,986         |
| Total non-current assets | 21,693         | 21,544         |
| <b>Total assets</b>      | <b>34,994</b>  | <b>35,530</b>  |

The Company has subordinated a claim of \$11.2 million against Crimsafe Holdings Pty Ltd in favour of the lender.

- iii) Other secured bank borrowings of \$nil (2015: \$1.3 million). These borrowings are secured over bank balances totalling \$nil (2015: \$1.3 million).
- iv) Asset finance totalling \$0.1 million (2015: \$0.2 million, secured over property, plant and equipment with a carrying value of \$0.2 million (2015: \$0.2 million).

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 17 FINANCIAL INSTRUMENTS

### 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 an appropriate level of debt to partially fund the Consolidated Entity's investments. Debt funding exposes the Consolidated Entity to the risk of movements in interest rates.

Interest rate swaps may be used by the Consolidated Entity to manage exposure to interest rate risk. The majority of the derivative financial instruments are floating-to-fixed interest rate swaps. Such derivative financial instruments have the economic effect of converting assets and liabilities from variable interest rate to fixed interest rate arrangements. Under the interest rate swaps, the relevant entity agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Consolidated Entity had no exposure to interest rate swaps at 31 March 2016.

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

|                                | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------------|----------------|----------------|
| Bank borrowings                | 13,552         | 17,989         |
| Weighted average interest rate | 5.25%          | 5.73%          |

##### 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 2016 would have on equity and profit or loss (before tax) at the reporting date. The analysis was performed on the same basis in 2015.

|                          | 2016                     |                  | 2015                     |                  |
|--------------------------|--------------------------|------------------|--------------------------|------------------|
|                          | Profit or loss<br>\$'000 | Equity<br>\$'000 | Profit or loss<br>\$'000 | Equity<br>\$'000 |
| 100 basis point increase | 306                      | 306              | 100                      | 100              |
| 100 basis point decrease | (306)                    | (306)            | (100)                    | (100)            |

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 as it applies net investment hedging.

For the Consolidated Entity, any foreign currency translation risk associated with foreign investments results in some volatility to the foreign currency translation reserve. The impact on the foreign currency translation reserve relates to translation of the net assets of foreign controlled entities including the impact of hedging. The movement taken to the foreign currency translation reserve takes into account the related hedges and represents the impact of the unhedged portion.

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 17 FINANCIAL INSTRUMENTS (CONTINUED)

### Equity price risk

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

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

### Equity pricing sensitivity

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

|   | 2016                      |                                | 2015                      |                                |
|---|---------------------------|--------------------------------|---------------------------|--------------------------------|
|   | Carrying amount<br>\$'000 | Market or fair value<br>\$'000 | Carrying amount<br>\$'000 | Market or fair value<br>\$'000 |
| Listed shares (accounted for using the fair value method) | 11,320                    | 11,320                         | 1,591                     | 1,591                          |

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 2016 would have resulted in an increase or decrease in the fair value of the shares of approximately \$1.13 million (2015: \$0.16 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 statement of financial position best represents the Consolidated Entity's maximum exposure to credit risk at the reporting date.



# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 17 FINANCIAL INSTRUMENTS (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.

|                         | Total<br>\$'000 | Neither past<br>due nor<br>impaired<br>\$'000 | Past due but not impaired |                      |                      |                    |                                    |                                    |          |
|-------------------------|-----------------|---|---------------------------|----------------------|----------------------|--------------------|------------------------------------|------------------------------------|----------|
|                         |                 |   | <30 days<br>\$'000        | 30-60 days<br>\$'000 | 60-90 days<br>\$'000 | >90 days<br>\$'000 | Collectively<br>impaired<br>\$'000 | Individually<br>Impaired<br>\$'000 |          |
|                         |                 |   |                           |                      |                      |                    |                                    |                                    |          |
| <b>2016</b>             |                 |   |                           |                      |                      |                    |                                    |                                    |          |
| Cash & cash equivalents | 17,165          | 17,165  | —                         | —                    | —                    | —                  | —                                  | —                                  | —        |
| Receivables             | 6,839           | 6,639   | —                         | 37                   | 79                   | 84                 | —                                  | —                                  | —        |
| Other financial assets  | 12,247          | 12,247  | —                         | —                    | —                    | —                  | —                                  | —                                  | —        |
|                         | <b>36,251</b>   | <b>36,051</b>                                 | <b>—</b>                  | <b>37</b>            | <b>79</b>            | <b>84</b>          | <b>—</b>                           | <b>—</b>                           | <b>—</b> |
| <b>2015</b>             |                 |   |                           |                      |                      |                    |                                    |                                    |          |
| Cash & cash equivalents | 9,956           | 9,956   | —                         | —                    | —                    | —                  | —                                  | —                                  | —        |
| Receivables             | 8,112           | 8,049   | —                         | —                    | 21                   | 42                 | —                                  | —                                  | —        |
| Other financial assets  | 1,591           | 1,591   | —                         | —                    | —                    | —                  | —                                  | —                                  | —        |
|                         | <b>19,659</b>   | <b>19,596</b>                                 | <b>—</b>                  | <b>—</b>             | <b>21</b>            | <b>42</b>          | <b>—</b>                           | <b>—</b>                           | <b>—</b> |

### c) Liquidity risk

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

The Board has approved a Financial Management Policy applicable to the Company and its wholly owned subsidiaries. The Financial Management Policy includes policies for the investment of surplus cash and monitoring of the liquidity position.

Operating businesses in which the Company has invested and which are not wholly owned are required to manage their own liquidity requirements so as to meet their financial obligations as they fall due. This includes maintaining an appropriate level of surplus cash to support the business and having appropriate overdraft and debt facilities available. The Company is represented on the boards of these entities and is able to monitor the liquidity position.

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

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

|                                       | Carrying<br>amount<br>\$'000 | Contractual<br>cash flows<br>\$'000 | Residual contract maturities  |                          |                        |                        |                                |
|---------------------------------------|------------------------------|-------------------------------------|-------------------------------|--------------------------|------------------------|------------------------|--------------------------------|
|                                       |                              |                                     | 6 months<br>or less<br>\$'000 | 6-12<br>months<br>\$'000 | 1-2<br>years<br>\$'000 | 2-5<br>years<br>\$'000 | More than<br>5 years<br>\$'000 |
| <b>2016</b>                           |                              |                                     |                               |                          |                        |                        |                                |
| Trade & other payables                | 4,070                        | 4,070                               | 4,070                         | —                        | —                      | —                      | —                              |
| Interest bearing loans and borrowings | 13,506                       | 15,295                              | 1,284                         | 1,260                    | 4,737                  | 8,014                  | —                              |
|                                       | <b>17,576</b>                | <b>19,365</b>                       | <b>5,354</b>                  | <b>1,260</b>             | <b>4,737</b>           | <b>8,014</b>           | <b>—</b>                       |
| <b>2015</b>                           |                              |                                     |                               |                          |                        |                        |                                |
| Trade & other payables                | 3,438                        | 3,438                               | 3,438                         | —                        | —                      | —                      | —                              |
| Interest bearing loans and borrowings | 17,222                       | 19,349                              | 3,232                         | 975                      | 2,501                  | 13,259                 | —                              |
|                                       | <b>20,660</b>                | <b>23,405</b>                       | <b>6,670</b>                  | <b>975</b>               | <b>2,501</b>           | <b>13,259</b>          | <b>—</b>                       |

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 2016.

### d) Capital risk management

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

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 18 SHARE CAPITAL

|                            | Company                    |                            | Company                    |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                            | 31 March<br>2016<br>shares | 31 March<br>2015<br>shares | 31 March<br>2016<br>\$'000 | 31 March<br>2015<br>\$'000 |
| Ordinary fully paid shares | 35,231,572                 | 35,307,209                 | 243,359                    | 243,466                    |

|                                 | Company        |                   |
|---------------------------------|----------------|-------------------|
|                                 | \$'000         | Shares            |
| Balance at 1 April 2015         | 243,466        | 35,307,209        |
| On market share repurchase      | (107)          | (75,637)          |
| <b>Balance at 31 March 2016</b> | <b>243,359</b> | <b>35,231,572</b> |

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.

## NOTE 19 RESERVES

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| <b>Equity reserve</b>                                      |                |                |
| Opening balance  | 25,690         | 25,690         |
|  | 25,690         | 25,690         |
| <b>Share of reserves of equity accounted joint venture</b> |                |                |
| Opening balance  | 1,004          | 402            |
| Share of reserves during the period                        | (978)          | 602            |
| Recycled to profit or loss on disposal of joint venture    | (26)           | —              |
|  | —              | 1,004          |
| <b>Foreign currency translation reserve</b>                |                |                |
| Opening balance  | —              | —              |
| Translation differences during the year                    | (47)           | —              |
| Closing balance  | (47)           | —              |
| <b>Total reserves</b>                                      | <b>25,643</b>  | <b>26,694</b>  |

### a) Equity reserve

In accordance with Accounting Standards, a financial asset was recognised in respect of unpaid share capital receivable from shareholders, discounted to fair value at recognition. This treatment resulted in the recognition of \$25.7 million of interest income during the financial years 2005 to 2007 which represented the unwinding of the discount over the term to recovery of the receivable. The Directors have determined that this income should not be used to pay future dividends and approved the transfer of this amount to an equity reserve.

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

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

### c) Foreign currency translation reserve

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 20 DIVIDENDS

No interim or final dividend has been paid or is proposed for payment (2015: \$Nil).

Estimated franking credits available for the payment of dividends in subsequent financial years based on a tax rate of 30% total \$4,538,295 (2015: \$4,235,650).

## NOTE 21 COMMITMENTS

### Non-cancellable operating leases

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

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: |                |                |
| Within one year  | 1,655          | 3,995          |
| Later than one year but not later than five years  | 3,576          | 10,477         |
| Later than five years  | —              | 2,372          |
|  | <b>5,231</b>   | <b>16,844</b>  |

Included in the lease commitments disclosed above are amounts totalling \$0.92 million (2015: \$11.4 million of which \$11.3m related to lease commitments of Baycorp) relating to lease commitments of jointly controlled entities.

## NOTE 22 CONTINGENT LIABILITIES

The Consolidated Entity had no material contingent liabilities at 31 March 2016 (2015: Nil).

## NOTE 23 ACQUISITION OF SUBSIDIARY

On 20 March 2015 Crimsafe Holdings Pty Ltd (formerly OCP Shelf 3 Pty Ltd), a 97% held subsidiary of the Consolidated Entity, acquired a 100% interest in the equity of the Crimsafe group of entities ("Crimsafe"). As the acquisition took place so close to the 31 March 2015 balance date, the initial accounting for the acquisition was provisionally determined at that date. Certain adjustments have been made in relation to the assets and liabilities recognised as a result of the acquisition, the prior year balance sheet has been restated accordingly.

The assets and liabilities recognised as a result of the acquisition are as follows:

|                                  | Provisional fair value<br>recognised<br>on acquisition<br>\$'000 | Final fair value<br>recognised<br>on acquisition<br>\$'000 |
|----------------------------------|--|--|
| Trade and other receivables      | 5,817  | 5,892  |
| Inventories                      | 5,591  | 5,258  |
| Property, plant and equipment    | 1,222  | 1,221  |
| Deferred tax asset               | 141  | 141  |
| Current tax receivable           | 189  | 241  |
| Intangible assets – brand name   | 8,500  | 8,500  |
| Trade and other payables         | (2,438)  | (2,562)  |
| Borrowings                       | (1,423)  | (1,423)  |
| Employee benefit obligations     | (469)  | (469)  |
| Net identifiable assets acquired | 17,130   | 16,799   |
| Add: goodwill                    | 11,681   | 12,012   |
| Net assets acquired              | 28,811   | 28,811   |
| Cash balances acquired           | 2,389  | 2,389  |
|                                  | <b>31,200</b>  | <b>31,200</b>  |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 24 PARENT ENTITY DISCLOSURES

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| <b>Result of the parent entity</b>                           |                |                |
| Profit for the year  | 1,393          | 1,863          |
| Other comprehensive income (expense)                         | —              | —              |
| <b>Total comprehensive income (expense) for the period</b>   | <b>1,393</b>   | <b>1,863</b>   |
| <b>Financial position of the parent entity at period end</b> |                |                |
| Current assets   | 25,289         | 7,979          |
| Total assets   | 81,320         | 80,708         |
| Current liabilities  | 492            | 179            |
| Total liabilities  | 535            | 206            |
| <b>Total equity of the parent comprising:</b>                |                |                |
| Share Capital  | 243,359        | 243,466        |
| Reserves   | 25,690         | 26,694         |
| Accumulated losses   | (188,264)      | (189,658)      |
|  | <b>80,785</b>  | <b>80,502</b>  |
| <b>Operating lease commitments</b>                           |                |                |
| Within one year  | 3              | 18             |
| Later than one year but not later than five years            | —              | 3              |
| Later than five years  | —              | —              |
|  | <b>3</b>       | <b>21</b>      |

Contingent liabilities of the Company at 31 March 2016 are detailed in note 22. The Company had no capital expenditure or investment commitments at 31 March 2016.

## NOTE 25 RELATED PARTY TRANSACTIONS

### Ultimate controlling entity

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

On 28 April 2016 the Company was advised of a conditional agreement entered into by its ultimate parent, Hosken Consolidated Investments Limited, to dispose of its indirect interest in the Company. The proposed disposal is subject to, amongst other things, the approval by the Company's shareholders.

### Ultimate controlling entity incorporated within Australia

HCI Investments Australia Pty Ltd.

### Controlling entity

HCI Australian Operations Pty Ltd.

### Key management personnel

During the prior financial year the following board and management changes took place:

- Ian Tsicalas and Michael Brogan resigned as non-executive directors;
- Robert Moran, Managing Director of the Company, transitioned to Non-executive Chairman, and;
- Michael Jacobson and Brian Scheiner, non-executive directors of the Company at the time, were appointed as joint Executive Directors, responsible for the day to day operations of the Company

The following were key management personnel of the Consolidated Entity at the end of the reporting period:

### DIRECTORS

Robert Moran (Chairman)  
Michael Jacobson (Executive Director)  
Brian Scheiner (Executive Director)

### EXECUTIVE

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

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 25 RELATED PARTY TRANSACTIONS (CONINUTED)

### a) Details of remuneration

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

|                              | 2016<br>\$       | 2015<br>\$       |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 1,152,559        | 1,019,927        |
| Other-long term benefits     | (2,215)          | 20,687           |
| Post-employment benefits     | 94,340           | 376,953          |
|                              | <b>1,244,684</b> | <b>1,417,567</b> |

### b) Other transactions with key management personnel or related parties

Michael Brogan, an independent Director for a part of the prior financial year, had a commercial arrangement to occupy an office within the Company's premises. The arrangement commenced in June 2010 and terminated in June 2014. During the previous financial period the Company received fees of \$4,480 inclusive of GST.

Remuneration paid to Directors of parent company, HCI Australian Operations Pty Ltd, during the period was \$1,000,684 (2015: \$ 856,437).

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.

## NOTE 26 SUBSIDIARIES

The Consolidated Financial Statements incorporate the assets, liabilities and results of the following entities in accordance with the accounting policy described in note 1(f):

| Name of entity                      | Country of incorporation | Class of shares / units | Effective Equity Holding (%) |       |
|-------------------------------------|--------------------------|-------------------------|------------------------------|-------|
|                                     |                          |                         | 2016                         | 2015  |
| AEP Signature Holdings Pty Ltd      | Australia                | Ordinary                | 100.0                        | 100.0 |
| AEP Signature Trust                 | Australia                | Units                   | 99.7                         | 99.7  |
| EON Broadcasting Pty Ltd            | Australia                | Ordinary                | 95.0                         | 95.0  |
| Sunshine Coast Broadcasters Pty Ltd | Australia                | Ordinary                | 95.0                         | 95.0  |
| OCP Shelf 2 Pty Ltd                 | Australia                | Ordinary                | 100.0                        | 100.0 |
| 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  |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 27 AUDITOR REMUNERATION

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

|   | 2016<br>\$ | 2015<br>\$ |
|---|------------|------------|
| <b>Audit services</b>                             |            |            |
| BDO East Coast Partnership:                       |            |            |
| – Statutory audit and review of financial reports | 138,322    | 119,820    |
| BDO (QLD) Pty Limited:                            |            |            |
| – Statutory audit and review of financial reports | 40,000     | —          |
| <b>Non - Audit services</b>                       |            |            |
| BDO East Coast Partnership:                       |            |            |
| – Other services - tax advisory and consulting    | 42,013     | 45,760     |
| BDO (QLD) Pty Limited:                            |            |            |
| – Other services - tax advisory and consulting    | —          | 25,000     |

## NOTE 28. EARNINGS PER SHARE

|   | 2016<br>\$cents         | 2015<br>\$cents   |
|---|-------------------------|-------------------|
| <b>Total</b>  |                         |                   |
| Basic earnings per share  | 13.75                   | 8.33              |
| Diluted earnings per share  | 13.75                   | 8.33              |
| <b>Continuing operations</b>  |                         |                   |
| Basic earnings per share  | 13.75                   | 8.33              |
| Diluted earnings per share  | 13.75                   | 8.33              |
|   | <b>\$'000</b>           | <b>\$'000</b>     |
| <b>Reconciliation of profit (loss) used in the calculation of basic earnings per share</b>              |                         |                   |
| Profit (loss) for the year  | 4,949                   | 2,988             |
| Profit attributable to non-controlling interests  | (95)                    | (45)              |
| <b>Profit (loss) used in the calculation of total basic earnings per share</b>                          | <b>4,854</b>            | <b>2,943</b>      |
| <b>Profit (loss) used in the calculation of total diluted earnings per share</b>                        | <b>4,854</b>            | <b>2,943</b>      |
|   | <b>Number of shares</b> |                   |
| <b>Weighted average number of ordinary shares used in the calculation of basic earnings per share</b>   | <b>35,289,501</b>       | <b>35,307,209</b> |
| <b>Weighted average number of ordinary shares used in the calculation of diluted earnings per share</b> | <b>35,289,501</b>       | <b>35,307,209</b> |

# Notes to the Financial Statements

For the year ended 31 March 2016

## NOTE 29 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

|   | 2016<br>\$   | 2015<br>\$ |
|---|--------------|------------|
| Profit for the year after related income tax expense        | 4,949        | 2,988      |
| <b>Adjustments for non cash items:</b>                      |              |            |
| Depreciation  | 418          | 138        |
| Fair value movement of financial assets                     | 516          | (791)      |
| Share of profit of jointly controlled entities              | (2,524)      | (1,413)    |
| Profit on sale of other financial asset                     | (568)        | (550)      |
| Other non-cash items  | 464          | 190        |
| <b>Changes in operating assets and liabilities:</b>         |              |            |
| Decrease (increase) in receivables                          | 442          | (191)      |
| Decrease in inventories                                     | 268          | —          |
| Decrease in current and deferred tax assets                 | 158          | 113        |
| Increase in creditors                                       | 631          | 272        |
| (Decrease) in employee entitlements                         | (87)         | (63)       |
| (Decrease) increase in current and deferred tax liabilities | (55)         | 108        |
|   | <b>4,612</b> | <b>801</b> |

## NOTE 30 EVENTS SUBSEQUENT TO BALANCE DATE

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

# Directors Declaration

## Directors' Declaration for the year ended 31 March 2016

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

- a) the consolidated financial statements and notes set out on pages 12 to 41 are in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Consolidated Entity's financial position as at 31 March 2016 and of its performance for the financial year ended on that date; and
  - ii) complying with Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001.
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the year ended 31 March 2016.

Signed in accordance with a resolution of the Directors.



**Robert Moran**  
Chairman

Dated at Sydney this 25th day of May 2016.



## INDEPENDENT AUDITOR'S REPORT

To the members of Oceania Capital Partners Limited

### Report on the Financial Report

We have audited the accompanying financial report of Oceania Capital Partners Limited, which comprises the consolidated statement of financial position as at 31 March 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' Responsibility for the Financial Report

The directors of the 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### Auditor's Responsibility

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

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

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

### Independence

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

### Opinion

In our opinion:

- (a) the financial report of Oceania Capital Partners Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.


### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 31 March 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Oceania Capital Partners Limited for the year ended 31 March 2016 complies with section 300A of the *Corporations Act 2001*.

### BDO East Coast Partnership



**Grant Saxon**  
Partner

Sydney, 25 May 2016

## Shareholder information

The shareholder information set out below was applicable as at 20 May 2016.

### Distribution of equity securities

| Range            | Total holders | Units             | % of Issued Capital |
|------------------|---------------|-------------------|---------------------|
| 1 – 1,000        | 333           | 108,343           | 0.31                |
| 1,001 – 5,000    | 210           | 530,265           | 1.51                |
| 5,001 – 10,000   | 66            | 523,291           | 1.49                |
| 10,001 – 100,000 | 75            | 1,957,306         | 5.55                |
| 100,001 and over | 18            | 32,112,367        | 91.14               |
| <b>Total</b>     | <b>702</b>    | <b>35,231,572</b> | <b>100.00</b>       |

The total number of shareholders holding less than a marketable parcel was 284

### LARGEST SHAREHOLDERS

The names of the 20 largest registered holders of ordinary shares as at 20 May 2016 are listed below:

| Name   | Number of Shares Held | % of Issued Shares |
|--|-----------------------|--------------------|
| HCI AUSTRALIAN OPERATIONS PTY LTD                          | 22,681,042            | 64.38              |
| J P MORGAN NOMINEES AUSTRALIA LIMITED                      | 1,615,029             | 4.58               |
| HCI AUSTRALIAN OPERATIONS PTY LTD                          | 1,222,314             | 3.47               |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 1,162,766             | 3.30               |
| MR MICHAEL ALON JACOBSON                                   | 972,701               | 2.76               |
| MR BRIAN SCHEINER  | 771,430               | 2.19               |
| CITICORP NOMINEES PTY LIMITED                              | 747,540               | 2.12               |
| DAVID DOYLE  | 416,666               | 1.18               |
| RHC MANAGEMENT PTY LTD <MACAULAY SUPER FUND A/C>           | 412,500               | 1.17               |
| ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>  | 361,905               | 1.03               |
| RHC MANAGEMENT PTY LIMITED <SECOND MORAN FAMILY A/C>       | 319,369               | 0.91               |
| MR BRIAN SCHEINER  | 260,000               | 0.74               |
| MR LIONEL WINSTON BALDWIN                                  | 250,001               | 0.71               |
| MR RICHARD MEWS + MRS WEE KHOON MEWS <MEWS SUPER FUND A/C> | 221,152               | 0.63               |
| ROBERT BERNARD MORAN                                       | 204,119               | 0.58               |
| A T WHITTENBURY & CO PTY LIMITED                           | 201,125               | 0.57               |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED — A/C 2          | 161,708               | 0.46               |
| MR WARWICK SAUER   | 131,000               | 0.37               |
| A T WHITTENBURY & CO PTY LIMITED                           | 100,000               | 0.28               |
| MRS CATHERINE GUERINONI <GUERINONI A/C>                    | 100,000               | 0.28               |

### SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders as at 20 May 2016 as disclosed in substantial shareholder notices received by the Company were:

| Name   | Number of Shares Held | % of Issued Shares |
|--|-----------------------|--------------------|
| HCI Australian Operations Pty Ltd  | 23,903,356            | 67.85              |
| Rivetprops 47 (Pty) Ltd (In relation to the shares held by HCI Australian Operations Pty Ltd, arising from the conditional acquisition of an indirect shareholding in HCI Australian Operations Pty Ltd. This acquisition had not yet completed at the date of this report.) | 23,903,356            | 67.85              |

# Shareholder information

## Voting rights

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

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

## Shareholder enquiries

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

### *Computershare Investor Services Pty Limited*

Yarra Falls  
452 Johnston Street  
Abbotsford, VIC 3067  
Australia

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

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

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

## Change of Address

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

## Investor Information

The Company maintains a website at [www.oceaniacapital.com.au](http://www.oceaniacapital.com.au) where company information is available and a service for any queries is provided. For any further queries, please contact the Company on (02) 9450 0923 or email enquiries to [info@oceaniacapital.com.au](mailto:info@oceaniacapital.com.au).

## Stock Exchange Listing

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

## Annual General Meeting

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

# Corporate directory

## **ABN**

52 111 554 360

## **CHAIRMAN**

Robert Moran

## **DIRECTORS**

Michael Jacobson

Brian Scheiner

## **COMPANY SECRETARY**

Lionel Baldwin

## **REGISTERED OFFICE**

Suite 61, Level 3

14 Narabang way

Belrose NSW 2085

Australia

Telephone: +61 2 9450 0935

Fax: +61 2 9475 0215

## **SHARE REGISTRY**

### **Computershare Investor Services Pty Limited**

Yarra Falls

452 Johnston Street

Abbotsford, VIC 3067

Telephone: +61 3 9415 4000

Fax: +61 3 9473 2500

Please mail all share registry

correspondence to

GPO Box 2975,

Melbourne, Victoria 3001

## **AUDITOR**

### **BDO East Coast Partnership**

1 Margaret Street

Sydney NSW 2000

## **STOCK EXCHANGE LISTING**

Oceania Capital Partners Limited's shares

are listed on the Australian Securities

Exchange (ASX Code: OCP)

## **WEBSITE ADDRESS**

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

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

