

Registered Office

V J Ryan & Co Services Pty Limited
Suite 1, Level 5
255 George Street
SYDNEY NSW 2000



OCEAN CAPITAL LIMITED

ABN 68 010 715 901
Phone: 02 9240 4975
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www.oceancapital.com.au

24 February 2011

The Manager
Australian Stock Exchange
ASX On-line
Company Announcements Platform
PO Box H224
AUSTRALIA SQUARE NSW 1215

OCEAN CAPITAL LIMITED

HALF YEAR REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

In accordance with the ASX Listing Rules, attached are the following documents for lodgement:

1. Chairman's Report;
2. Appendix 4D Half Year Report for the six months ended 31 December 2010; and
3. Directors' Report and Financial Report for the half year ended 31 December 2010.

A handwritten signature in black ink that reads 'John Crawford'.

John Crawford
Company Secretary

Enc.

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**OCEAN CAPITAL LIMITED
HALF YEAR REPORT**

In the Half Year to 31 December 2010, Ocean's results were lower with revenue from operations of \$13.42 million (compared to \$14.13 million for half year to 31 December 2009) and pre tax profit of \$826k (\$1.84 million for half year to 31 December 2009).

Since 1 July 2010, the Queensland tourism industry has had another very tough period with cautious consumers, severe floods and cyclones and the high AUD limiting inbound and making overseas tourism competitors more attractive.

With these large headwinds, superficially the Half Yearly results to 31 December 2010 were reasonable but overall the results delivered by management are disappointing considering Ocean has the luxury of a debt free balance sheet.

So Ocean isn't just waiting for the tourism cycle to turn. In pursuit of better results, Ocean has undertaken a substantial change in its senior management team. The new Group General Manager Nicola Constantinidis joined in November 2010 and has made excellent progress, we have appointed Carol Fitzgerald to head Sales and Marketing, and we have promoted Martin Bryars to Financial Controller.

The second half of the financial year to 30 June is always weak given seasonal factors. The second half to 30 June 2011 will also be impacted by Cyclone Yasi which has had a significant impact on revenue levels (albeit only modest physical damage). So a loss in the half year to 30 June 2011 is expected.

On the positive front, fully franked dividends of \$1.4 million (1.75 cents per share) were paid to shareholders in the Half Year to 31 December 2010 - a pleasing outcome given all the industry challenges.

Regarding the individual operations:

- Sunlover continues to perform well with Dom Waddell being promoted as the new manager.
- Long Island operations have improved with Michelle Flynn appointed during the Half Year and it won the Queensland Tourism Best Standard Accommodation award in 2010. Sales and marketing has been suboptimal and this is being addressed.
- Hides is a solid performer well run by Nick Moon who also assists in group Sales and Marketing.
- CCAB cost settings were suboptimal but this has been fixed with new manager Nathan Pattison.
- the Cape Tribulation region is challenging and we are continuing to address the options.

The book value of Cape Tribulation was reduced to \$7.1 million during the Half Year after the land sale for \$1 million. However it is difficult to accurately assess its current market value given uncertainty created by Cyclone Yasi and the general tourism downturn in Far North Queensland. The Half Year Accounts are qualified regarding the Cape Tribulation valuation and to rectify this the Board intends to commission an expert valuation which will be available in the next few months.

Looking forward to 2011-12 year, Ocean is cautiously optimistic as the impact of its new stronger management team gains traction. Ocean continues to retain a debt free balance sheet.

David Kingston
Chairman

24 February 2011

Appendix 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	OCEAN CAPITAL LIMITED
ABN	68 010 715 901
Half Year Ended	31 December 2010
Previous Corresponding Reporting Half Year	31 December 2009

Results for Announcement to the Market

		\$000	Percentage increase /(decrease) over previous corresponding half year
Revenue from ordinary activities		13,418	(5.01)%
Profit / (loss) from ordinary activities after tax attributable to members		535	(61.09%)
Net profit / (loss) for the half year attributable to members		535	(61.09%)
Dividends (distributions)	Amount per security	Franked amount per security	
Final Dividend	NIL	N/A	
Interim Dividend	NIL	N/A	
Record date for determining entitlements to the dividends (if any)		N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
See attached financial statements			

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	NIL
Total dividend	NIL
Amount per security of foreign sourced dividend or distribution	NIL
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Half Year	Previous corresponding half year
Net tangible asset backing per ordinary security	35.47 cents	41.42 cents
Net asset backing per ordinary security	40.68 cents	45.65 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current half year on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding half year	

Loss of Control Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current half year to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding half year	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Half Year	Previous Half Year	Current Half Year	Previous Half Year
Nil	Nil	Nil	Nil	Nil
Aggregate Share of Net Profits			Nil	Nil

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

N/A

Audit/Review Status

This report is based on accounts to which one of the following applies:
 (Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

Qualified Review Report on the carrying amount of PPE

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report
2	Independent Review Report

Signed By Company Secretary

John Crawford.

Print Name	JOHN CRAWFORD
Date	24 February 2011

OCEAN CAPITAL LIMITED
A.B.N. 68 010 715 901

DIRECTORS' REPORT

The directors present their report together with the financial statements of Ocean Capital Limited ("the Company") and its controlled entities for the half-year ended 31 December 2010 and the independent auditor's review report thereon. These financial statements have been prepared in accordance with Australian equivalents of International Financial Reporting Standards (AIFRS).

DIRECTORS

The directors of the Company during the half-year or since the end of the half-year are:

David R Kingston

Jayne E Pester (resigned 19 November 2010)

Nicola Constantinidis (appointed 19 November 2010)

Malcolm J McComas

Other than Jayne and Nicola, all Directors have been in office since the start of the half-year to the date of this report.

RESULTS OF OPERATIONS

The consolidated profit for the half-year after providing for income tax was \$535,182 (half-year 2009: \$1,374,939).

REVIEW OF OPERATIONS

Sales declined significantly relative to the previous corresponding half year which reflected industry price discounting, falls in occupancy and the competitive environment for all tourism operators.

EVENTS SUBSEQUENT TO BALANCE DATE

As at the date of this report there have been no events subsequent to balance date, other than Cyclone Yasi that inflicted only minor physical damage on the Group's business assets. The Group has experienced a loss of trade due to the reduced tourist numbers in the region as a result of the cyclone.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2010.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the directors.



DAVID KINGSTON
Director
Sydney
24 February 2011

**OCEAN CAPITAL LIMITED
ABN 68 010 715 901**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF OCEAN CAPITAL LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2010 there have been:

- i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review;
and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "WHK".

WHK NQ
ABN 49 301 665 931

A handwritten signature in black ink that appears to read "J Taylor".

Jason Taylor
Principal

24 February 2011
232 - 240 Mulgrave Rd
Cairns QLD 4870

Ocean Capital Limited and Controlled Entities
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Half-Year Ended 31 December 2010

	Note	Consolidated Entity Half Year	
		2010 \$'000	2009 \$'000
Income			
Revenue		13,418	14,126
Profit from Sale of Land		550	-
Total Income		13,968	14,126
Administrative costs		(285)	(442)
Catering		(471)	(399)
Cost of sales		(1,919)	(2,145)
Communications		(131)	(100)
Depreciation and amortisation		(965)	(991)
Linen		(113)	(134)
Employee related expenses		(5,245)	(4,949)
Fuel		(526)	(372)
Occupancy		(1,029)	(843)
Repairs & replacements		(672)	(487)
Impairment Loss on Cape Tribulation Buildings		(550)	-
Sales & marketing		(641)	(640)
Other expenses		(595)	(779)
Total Expenses		13,142	12,281
Profit before income tax expense		826	1,845
Income tax expense		(291)	(470)
Net profit for the half-year attributable to members of the parent entity		535	1,375
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to members of the parent entity		535	1,375
Earnings per share for profit attributable to owners of Ocean Capital Limited		Cents	Cents
Basic earnings per share		0.665	1.708
Diluted earnings per share		0.665	1.708

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

Ocean Capital Limited and Controlled Entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 31 December 2010

	Consolidated Entity	
	31-Dec	30-Jun
	2010	2010
Note	\$000	\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,727	920
Trade and other receivables	1,636	1,202
Inventories	222	242
Current tax assets	-	151
Other current assets	587	698
TOTAL CURRENT ASSETS	<u>4,172</u>	<u>3,213</u>
NON CURRENT ASSETS		
Property, plant & equipment	28,320	29,076
Deferred tax assets	4,193	4,498
TOTAL NON CURRENT ASSETS	<u>32,513</u>	<u>33,574</u>
TOTAL ASSETS	<u>36,685</u>	<u>36,787</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,643	2,805
Current Provisions	45	58
TOTAL CURRENT LIABILITIES	<u>3,688</u>	<u>2,863</u>
NON CURRENT LIABILITIES		
Non current Provisions	245	298
TOTAL NON CURRENT LIABILITIES	<u>245</u>	<u>298</u>
TOTAL LIABILITIES	<u>3,933</u>	<u>3,161</u>
NET ASSETS	<u>32,752</u>	<u>33,626</u>
EQUITY		
Share capital	20,865	20,865
Retained earnings	11,887	12,761
TOTAL EQUITY	<u>32,752</u>	<u>33,626</u>

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

Ocean Capital Limited and Controlled Entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Half-Year Ended 31 December 2010

	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
At 1 July 2009	20,865	15,724	36,590
Total comprehensive income for the half-year			
Profit for the half year		1,375	1,375
Other comprehensive income for the half-year		-	-
Transactions with owners in their capacity as owners			
Dividends paid		(1,208)	(1,208)
At 31 December 2009	20,865	15,891	36,757
Total comprehensive income for the half-year			
Profit for the half year		(3,130)	(3,130)
Other comprehensive income		-	-
Transactions with owners in their capacity as owners			
Dividends paid			0
At 30 June 2010	20,865	12,761	33,627
Total comprehensive income for the half-year			
Profit for the half year		535	535
Other comprehensive income for the half-year		-	-
Transactions with owners in their capacity as owners			
Dividends paid		(1,409)	(1,409)
	0	(1,409)	(1,409)
At 31 December 2010	20,865	11,887	32,752

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

Ocean Capital Limited and Controlled Entities
CONSOLIDATED STATEMENT OF CASH FLOWS
For The Half Year Ended 31 December 2010

	Consolidated Entity	
	Half year	
	2010	2009
Note	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,298	15,279
Payments to suppliers and employees	(12,550)	(13,382)
Interest received	25	25
Income taxes credit / (paid)	151	(75)
Net cash inflow from operating activities	<u>1,924</u>	<u>1,847</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts from Sale of Land	1,000	-
Payments for property, plant and equipment	(708)	(687)
Net cash inflow (outflow) from investing activities	<u>292</u>	<u>(687)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,409)	(1,208)
Net cash outflow from financing activities	<u>(1,409)</u>	<u>(1,208)</u>
NET INCREASE (DECREASE) IN CASH HELD	807	(48)
Net cash at beginning of the half year	920	1,541
NET CASH AT END OF THE HALF YEAR	<u>1,727</u>	<u>1,493</u>

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

Ocean Capital Limited and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
For The Half Year Ended 31 December 2010

NOTE 1. BASIS OF PREPARATION

Ocean Capital Limited (the "Company") is a company domiciled in Australia. The consolidated half-year Financial Statements of the Company as at and for the six months ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "consolidated entity").

These general purpose Financial Statements for the half-year reporting period ended 31 December 2010 have been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134 *Interim Financial Reporting*. These Financial Statements also complies with International Accounting Standard IAS 34: Interim Financial Reporting.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2010, together with any public announcements made during the half-year. The consolidated annual financial report of the Group as at and for the year ended 30 June 2010 is available upon request from the Company's registered office.

The accounting policies and methods of computation have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous financial year and corresponding half year reporting period. Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial year. There have been no new or revised accounting standards that impact on the entity in the current reporting period.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Except as described below, in preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2010. During the six months ended 31 December 2010, management reassessed its estimates for the recoverable amount of certain property, plant and equipment (see below)

NOTE 2. PROPERTY PLANT and EQUIPMENT

Certain land assets owned by the Group in Cape Tribulation with a carrying amount of \$413,431 were disposed of during the reporting period, resulting in a gain on disposal of \$550,117. This gain was subsequently booked against the remaining assets held at Cape Tribulation resulting in an impairment loss of \$550,117 as at 31 December 2010. The Directors have committed to obtaining an expert valuation of the Cape Tribulation properties before 30 June 2011.

The directors commissioned an independent valuation of the Long Island Resort property which was carried out by Herron Todd White as at 25 October 2010 using the comparable sales method. The valuation of the Long Island Resort as at 25 October 2010 was \$9,900,000 when compared to the carrying amount of the Long Island Resort at that date of \$10,053,000. The directors are of the opinion that no impairment charge should be made against the Long Island Property as the difference between book value based on depreciated cost and valuation provided by Herron Todd White is minor and that difference will be offset by depreciation charges in Calendar 2011.

NOTE 3. EVENTS SUBSEQUENT TO BALANCE DATE

Other than the impact of Cyclone Yasi which resulted in minor physical damage to the Group's resort properties and an impact on operating revenues across the Group which are unable to be fully quantified, there are no matters or circumstances that have arisen since the end of the half year that have significantly affected or may significantly affect the operations of the consolidated entity at the date of this report

Ocean Capital Limited and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
For The Half Year Ended 31 December 2010

NOTE 4. CONTINGENT LIABILITIES

There have been no changes in respect of contingent liabilities since 30 June 2010.

NOTE 5. SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments where the segments have similar characteristics.

The group is organised in two segments - the Hotels Group and the Cruise Group based on the products and services offered by each segment. Both segments operate in the same geographical locations being Far North Queensland and share the same central management control. Previously, the Group reported one segment being Tourism.

Segment information provided to the executive management committee for the half-year ended 31 December 2010 is as follows:

	Cruise	Hotels	Total
	\$'000	\$'000	\$'000
Half-year ended 31 December 2010			
Total segment revenue	4,433	9,535	13,968
EBITDA	1,255	1,061	2,316
Depreciation and Amortisation	(222)	(1,293)	(1,515)
Interest Revenue	-	25	25
Profit before tax	<u>1,033</u>	<u>(207)</u>	<u>826</u>
Half-year ended 31 December 2009			
Total segment revenue	3,832	10,269	14,101
EBITDA	1,111	1,700	2,811
Depreciation and Amortisation	(211)	(780)	(991)
Interest Revenue	-	25	25
Profit before Tax	<u>900</u>	<u>945</u>	<u>1,845</u>
Total segment assets			
31 December 2010	2,519	34,166	36,685
30 June 2010	2,221	34,566	36,787

OCEAN CAPITAL LIMITED
A.B.N. 68 010 715 901

DIRECTORS' DECLARATION

The Directors of Ocean Capital Limited declare that:

- a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* and:
 - i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) In the Director's opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Director's by:



DAVID KINGSTON
Director

Sydney
24 February 2011

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF OCEAN CAPITAL LIMITED AND CONTROLLED ENTITIES**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Ocean Capital Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Ocean Capital Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ocean Capital Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Qualified Conclusion

As detailed in the Statement of Financial Position, the Group has property, plant and equipment assets with a carrying value of \$28,320,268 at 31 December 2010.

The Group has identified that impairment indicators existed at 31 December 2010 for certain assets with a carrying value of \$7,018,256. We have not been provided with sufficient appropriate audit evidence to support the recoverable amount of these items of property, plant and equipment either individually or on a cash generating unit basis in accordance with AASB 136 *Impairment of Assets*.

Consequently, we are unable to determine whether any adjustments to these carrying values were necessary at 31 December 2010.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the half-year financial report of Ocean Capital Limited and controlled entities is not 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 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

A stylized, handwritten signature of the firm WHK.

WHK NQ
ABN 49 301 665 931

A handwritten signature in black ink, appearing to read "J Taylor".

Jason Taylor
Principal

24 February 2011
232 - 240 Mulgrave Rd
Cairns QLD 4870