



CHARTER PACIFIC

Corporation Limited

Dear Shareholder,

Charter Pacific today announced its results for the six months to 31 December 2006.

The business recorded a loss of \$2.1 million, which includes expenses of \$1.5 million relating to the establishment of Charter Pacific Funds Management Limited and Charter Pacific Capital Limited. The level of these expenses is expected to be significantly lower in the second half. The result for the 6 months to December does not include the profit on sale of ChemGenex Pharmaceuticals Limited shares of \$4.5 million which was announced to ASX on 8 February 2007.

As you are aware, there have been significant strategic developments in the Company over the last two months. In December 2006, we acquired the business of Opus Media Plc in the UK, and recently we sold our shares in ChemGenex Pharmaceuticals Limited.

Following these transactions, the Company has a net asset backing based on Directors valuation of \$0.74 per share comprising \$0.38 per share in cash and \$0.36 per share in other investments. The current share price clearly represents a substantial discount to the net asset backing. We consider that, as we continue to maximise our business opportunities, the market will more fully recognize the underlying value of the Company.

I would like to take this opportunity to provide more information about recent developments.

Sale of ChemGenex Pharmaceuticals Limited

As announced on 8 February 2007, the Company sold its holding of 28.1 million shares in ChemGenex Pharmaceuticals Limited for \$17.4 million through an on-market transaction. This sale represents an unaudited pre-tax profit of approximately \$4.5 million for the Company.

Acquisition of Opus Media Plc

The acquisition of the Opus Media business is an exciting development for us. Opus Media has developed a world leading internet broadband video streaming platform that allows consumers to stream DVD quality digital video in real time from the comfort of their PC.

As with all our direct investments, the Board of Charter Pacific will constantly monitor the Opus Media business to take advantage of opportunities to maximise value, which may include a future IPO (AIM or ASX). The total acquisition price for the business is up to \$11.3 million (£4.5 million), dependent on achievement of revenue targets.

We are pleased to welcome Brett Wilde as the New Executive Chairman and Mike Aspinall as the new Finance Director of Opus Media. Brett has 25 years experience in IT, software and internet including key positions at major companies such as HP and Cable and Wireless. Mike has 12 years experience in the European TV and media business area with the last 6 years at Jetix Europe, the most widely distributed kids pay TV network in Europe (75% Disney owned).

I have provided more detail about Opus Media and its targeted business areas (see Attachment 1). I have also provided a chart which outlines the Company's investments and subsidiaries following the sale of ChemGenex Pharmaceuticals and the purchase of Opus Media (see Attachment 2).

I look forward to advising you about further developments with Opus Media and other activities of Charter Pacific in due course.

Yours sincerely,

Kevin J Dart
Managing Director

Position in the internet broadband video streaming market

Opus Media has developed a world leading internet broadband video streaming platform that allows consumers to stream DVD quality digital video in real time from the comfort of their PC. This platform allows existing video content owners to access the burgeoning internet VOD market quickly and easily, without the need to expend large amounts of capital. The Opus Media platform also allows video content owners to easily manage and control the distribution of their content over the internet.

While there are a number of companies offering VOD over the internet, Opus Media is the only company that has developed an enterprise grade, end-to-end broadband platform that enables consumers to instantly access and watch a DVD quality digital movie without leaving their house. This platform means that the consumer can simply CLICK, PAY and WATCH the movie of their choice, when they want. The platform has overcome the limitations of its competitors, such as long waiting times (as much as eight hours) to access content, poor quality images, high costs and the need for excessive broadband speeds.

Opus Media is positioning itself to work with some of the largest media and broadband internet companies in the world, to provide more high quality content over the internet and in doing so, take advantage of the emerging markets and revenue streams.

Much like the evolution of consumers purchasing music over the internet, which now accounts for some \$2.5 billion of sales annually, the video entertainment market is set to see more people move away from bricks and mortar video stores and move towards using broadband internet to access the latest movies of their choice online. Recent analysis by Screen Digest suggests that, in Europe alone, the demand for video content over the internet will have grown from £9 million in 2003 to some £710 million by 2010. Video content owners are looking towards internet distribution of their content to take advantage of this shift in spending patterns by consumers. The Opus Media platform allows content owners including video distributors, event promoters, sporting organisations, broadcasters and telecommunication companies to manage and control the online distribution of their content.

Opus Media will also profit from the digital revolution for online content. The rise of digital marketing is opening up a world of opportunity to win customers that goes well beyond search engine optimisation, banner ads and link exchanges. Opus Media is well positioned to capitalise on the unlimited potential of this new and emerging market.

Targeted Business Areas, and Revenue Streams

Four key targeted business areas for Opus Media are:

- Internet Service Providers (ISP) - enabling ISPs to offer bundled video/broadcast services to their customer base;
- Internet Portals - enabling existing internet portals such as Yahoo and Amazon to offer DVD quality VOD to their customer base;
- Content Owners - providing existing content owners with a turn-key solution for a low cost market entry to DVD quality internet broadcasting; and
- Niche Video Content Sites - enabling low cost entry for speciality video channels to provide a self managed turn-key solution to expand their audiences.

Revenue streams will be derived from:

- Exploitation of Opus Media's content rights;
- Revenue sharing with third party content owners through joint ventures to exploit their libraries;
- Licensing of the Opus Media platform; and
- Set up, integration and usage fees for management of third party content over the internet.

Intellectual Property content rights

In addition to providing a platform for third party content owners, Opus Media has significant IP content rights to 2,500 movies, plays and serials, that it will exploit through its www.bollywood.tv, an internet based VOD service. Opus Media is looking to capitalise on its Indian content library which includes Bollywood movies starring the recent UK Celebrity Big Brother winner, Shilpa Shetty, as well as blockbuster movies, soaps and dramas from the sub-continent, and classic Bollywood films. Bollywood.tv is aiming to be the leading internet entertainment service provider to more than 25 million expatriate Indians.

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