



**CHARTER  
PACIFIC**  
Corporation Limited

A.B.N. 12 003 344 287

26 November, 2008

## **Chairman's Address 2008**

Ladies and Gentlemen.

2008 was a very challenging year for Charter Pacific. Indeed it was a challenging year for probably every company operating in the investment and financial markets around the world.

The year was marked by the sharpest decline in global financial markets for some decades. The impact of this global financial crisis continues to unravel today and is expected to do so for some time to come.

Charter Pacific was not immune to the downturn and our company recorded a consolidated loss of \$18 million for the 2008 financial year. This was a very disappointing result. The impact of negative financial markets led to losses on our share trading of \$4.4 million. Other significant items for the Charter Group of companies include:

- Operational costs of \$7.9 million
- Finance costs of \$0.6 million
- Foreign currency transaction losses of \$1.3 million; and
- Write back of investments of \$6.1 million as is required under the International Financial Reporting Standards.

However, it is important to note that your company remains in a strong liquid financial position. In particular, we carry no debt.

Our financial position remains sound today as we have over \$25m in assets in the Company of which \$15m is held in cash and listed blue chip stocks.

In November/December 2007, your Board took the view that as a result of certain events and uncertainties emerging in the financial markets we would take the following 2 actions:

1. Withdraw our funds from the Charter Pacific Financial Services Fund (CPFSSF), repay the company's bank borrowings of \$10 million and suspend the fund;
2. We mandated a cost cutting exercise across the Group, which we expect to give the Group a 30% reduction in expenses in 2008/09.

Recently we commenced action in the Supreme Court of Victoria against Bruce McMennamin and others to recover the investment we made in Priority Plus Funds Management. The basis of this action relates to Mr McMennamin's breaches of fiduciary duties which he owed to the Company to make full and frank disclosure in relation to our investment in PPFM.

We have instructed senior counsel in Melbourne, Mr Neil Young QC to represent us in this action and we expect that this matter will be resolved in the Company's favour.

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In conclusion, despite the challenges we face and the hard decisions made in 2008, we firmly believe that your company is well placed to meet the challenges ahead, and well placed to capture any opportunities.

I would like to welcome Sandy Barblett and Barry Driscoll who join our senior management team. On behalf of the Board we would like to thank the management team for their hard work and dedication in these turbulent times.

**BRIAN SPROD**  
Chairman

# Annual General Meeting

26 November 2008



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2008



# Charter Pacific Today

- Listed investment Company
- Invests in a range of listed and unlisted companies
- Holds cash and listed blue-chip equity investments
- No debt
- Good deal flow
- Manage a diverse direct investment portfolio:

Our stake in OEM NuTech Pty Ltd (powder coating technology)

bollywood.tv (ecommerce media portal)

Our stake in Monteray Group Ltd; owner of GPen Pty Ltd  
(superannuation administration)

CP Capital (corporate advisory)



# Decisive action to weather financial markets crisis

- In 2008 the global markets encountered the sharpest decline for some decades
- In FY08 your Board took decisive and immediate action:
  - In Dec 07 Charter Pacific Financial Services Fund sold down its portfolio, repaid \$10m borrowings, and closed Brisbane office
  - Sold its stake in Global Capital Markets (New York based investment bank) for \$1.3 million
  - Initiated 30% cost reductions across the Group for FY09
  - Streamlined and reorganised our direct investment portfolio
  - Strengthened management team:
    - Sandy Barblett – Chief Operating Officer
    - Barry Driscoll – Executive Chairman – CP Capital



# OEM NuTech Pty Ltd

*Provider of innovative powder coating technology and equipment*

- Exclusive distributor and technical support centre for DuPont Coatings Solutions (Australia and New Zealand)
- Exclusive representative for leading European equipment suppliers
- Blue chip customers include: **Laminex, Schiavello, Monroe Springs, Carrier Air Conditioning, B&R Enclosures**
- Recruited Strategic Chemist (ex-DuPont Europe)
- Reviewing opportunities in order to exploit powder coating technologies, manufacturing processes and other coating solutions

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



bollywood.tv

*eCommerce portal featuring the largest online library of Bollywood and regional movies, cricket, music and entertainment*

- Based in London, UK
- Truly Indian with movies in Hindi, Tamil, Kannada, Marathi, Malayalam and Bengali
- Exploitation of internet rights, IPTV and mobile rights
- Content attracted to Indian Diaspora

[www.bollywood.tv](http://www.bollywood.tv)



# bollywood.tv

- Achieved significant milestones in 2008:
  - Company transformed into niche on-line content platform and streamlined costs
  - Appointed Nigel Glynn-Davies as CEO
  - Launched in Jan 2008 at StarDust Awards in Mumbai
  - Launched online cricket and sport weekly programmes as part of the site
  - ICL Series 1 (April) and Series 2 (Oct); bollywood.tv the online partner
  - 157k registered users; achieved 1.2m hits in Oct 2008
  - Mobile; Bollywood Bazaar
- In discussions with strategic partners who can assist in distribution



# Monteray Ltd – GPen Pty Ltd

## *Superannuation and investment trust administration platform*

- Charter retains a 40% stake in Monteray
- Monteray AGM – Friday 28 November 2008 in Melbourne

### **GPen Pty Ltd (100% owned subsidiary of Monteray)**

- Web based administration platform for super and trust administration
- Business has been restructured from loss making in 07/08; on track for profit for 09
- Currently administers over 120,000 members online
- Successful license sale and installation of GPen solution to Tranzact

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



# CP Capital

## *Boutique corporate advisory business based in Melbourne*

- CP Capital offers strategic and corporate finance advice to small and mid-size listed, unlisted and private companies
- Strategy is to build long term relationships with clients
- Wide range of specialised areas:
  - American Depository Receipts (ADR) experts
  - Capital and debt raisings
  - Acquisition and integration advice
  - Pre-administration advice
  - Business turnaround
  - Rollup advisory expertise
  - Cross border listings
  - Access to foreign investors
  - Company secretarial support services

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



## ADR's (American Depository Receipts)

- Growth opportunity for additional revenues
- ADR expertise, offering
  - ASX-listed companies assistance in accessing the US market through an ADR programme
  - Advise on US Stock Exchange regulatory conditions
- Services include:
  - Structuring ADR programmes
  - Implementing effective investor communication package
  - Negotiating with Depository Banks, legal advisors and US based investment banks
  - Roadshow and investor relations support
- Enables CP Capital to “upsell” other services



# Charter Pacific Going Forward

- Senior management team in place to drive growth
- Lean, disciplined, energised investment Company
- NO DEBT
- Maximise returns from existing investment portfolio

## Future Strategy

- Emphasis on maintaining a strong cash position
- Our investment strategy focused on finding and capturing
  - Cashflow positive companies
  - Expansion capital investment opportunities
  - Early stage growth companies
- Well positioned to capitalise on new opportunities in downturn

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