



**CHARTER  
PACIFIC**  
Corporation Limited

A.B.N. 12 003 344 287

31 August, 2009

## **Charter Pacific weathers the global financial market downturn in 2009 Balance sheet strong, no debt, investment prospects improving in 2010**

Listed investment company Charter Pacific Corporation (ASX: CHF) today announced a consolidated loss of \$7.7 million for the full financial year to 30 June 2009, a 57% improvement on the result achieved in the 2008 full financial year.

The result was largely driven by the Group's cost cutting program and disciplined investment strategy. Overall costs were reduced by 45% or \$7.3 million in 2009.

As with all investment groups, Charter Pacific's financial performance in 2009 was impacted by the financial market downturn in global equity and financial markets. The Group has no debt and retains cash and listed blue-chip equity investments

Charter Pacific Managing Director and Chief Executive Officer Kevin Dart said: "We are obviously disappointed that the Group recorded a \$7.7 million loss in 2009, however like all investment companies, we have had to work through difficult economic conditions. We have merged our corporate advisory business and we are examining further investment opportunities for Charter Pacific Corporation."

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**CHARTER  
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# Appendix 4E

## Preliminary final report

### Period ending 30 June 2009

For announcement to the market

Results for announcement to the market:

Revenues from ordinary activities	Up	162.46%	to	\$	1,139,594
(Loss) from ordinary activities after tax attributable to members	Down	57.38%	to	\$	(7,668,351)
Net (loss) for the period attributable to members	Down	57.38%	to	\$	(7,668,351)

No final dividend has been declared for the current year and no dividend was declared or paid for the previous year.

The net tangible asset (NTA) per security as at 30 June 2009 was \$0.12 (2008: \$0.22)

The accounts are in the process of being audited.

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**CHARTER PACIFIC CORPORATION LIMITED**  
**30 JUNE 2009 APPENDIX 4E**

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**BALANCE SHEET**  
**AS AT 30 JUNE 2009**

	<b>CONSOLIDATED</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
<b>ASSETS</b>		
Cash and cash equivalents	6,664,419	8,303,779
Trade and other receivables	740,123	843,176
Prepayments	103,378	137,801
Investments	<u>3,130,356</u>	<u>8,197,279</u>
<b>Total current assets</b>	<u>10,638,276</u>	<u>17,482,035</u>
Investments in equity accounted investees	302,006	1,060,212
Investments	-	1,247,988
Other receivables	828,963	390,064
Plant and equipment	<u>496,909</u>	<u>632,837</u>
<b>Total non-current assets</b>	<u>1,627,878</u>	<u>3,331,101</u>
<b>Total assets</b>	<u>12,266,154</u>	<u>20,813,136</u>
<b>LIABILITIES</b>		
Trade and other payables	412,135	852,105
Loans and borrowings	64,932	68,511
Employee benefits	<u>235,421</u>	<u>177,876</u>
<b>Total current liabilities</b>	<u>712,488</u>	<u>1,098,491</u>
Loans and borrowings	192,095	229,932
Employee benefits	<u>812,431</u>	<u>768,006</u>
<b>Total non-current liabilities</b>	<u>1,004,526</u>	<u>997,938</u>
<b>Total liabilities</b>	<u>1,717,014</u>	<u>2,096,429</u>
<b>NET ASSETS</b>	<u>10,549,140</u>	<u>18,716,707</u>
<b>EQUITY</b>		
Issued capital	23,091,451	23,091,451
Reserves	1,344,971	1,689,401
Retained earnings/(losses)	<u>(13,887,282)</u>	<u>(6,064,145)</u>
<b>TOTAL EQUITY</b>	<u>10,549,140</u>	<u>18,716,707</u>

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**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>CONSOLIDATED</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
Revenue - provision of services	152,460	293,237
Other income	1,399,044	114,457
Realised gains/(losses) on investments held for trading	148,142	(3,680,837)
Unrealised change in value of investments held for trading	(2,464,911)	(1,262,396)
Dividend income	335,076	1,391,304
Net profit on sale of available-for-sale assets	-	192,066
Net profit on sale of equity accounted investment	804,156	-
Depreciation and amortisation expenses	(156,902)	(645,314)
Rent and occupancy costs	(823,487)	(830,887)
Professional fees	(1,470,030)	(1,894,168)
Travel expenses	(226,873)	(184,267)
Shareholder reports and registry costs	(104,951)	(78,958)
Personnel expenses	(3,079,967)	(3,495,412)
Management fees	-	(545,627)
Other operating expenses	<u>(822,900)</u>	<u>(1,290,202)</u>
<b>Net operating income/(loss) before share-based payments and impairment losses</b>	<u>(6,311,143)</u>	<u>(11,917,003)</u>
Share-based payments	(31,124)	(301,426)
Impairment losses	<u>(1,522,655)</u>	<u>(6,092,242)</u>
<b>Results from operating activities</b>	<u>(7,864,922)</u>	<u>(18,310,671)</u>
Financial income	765,627	1,127,696
Financial expenses	<u>-</u>	<u>(587,355)</u>
<b>Net financing income</b>	<u>765,627</u>	<u>540,341</u>
<b>Profit/(loss) before equity accounting and tax</b>	(7,099,295)	(17,770,330)
Share of profits/(losses) of equity accounted investees	<u>(569,056)</u>	<u>(376,345)</u>
<b>Profit/(loss) before income tax</b>	(7,668,351)	(18,146,675)
Income tax (expense)/benefit	<u>-</u>	<u>154,997</u>
<b>Profit/(loss) for the period</b>	<u>(7,668,351)</u>	<u>(17,991,678)</u>
<b>Earnings per share:</b>		
Basic earnings/(loss) per share	\$ (0.091)	\$ (0.212)
Diluted earnings/(loss) per share	\$ (0.091)	\$ (0.212)

**CHARTER PACIFIC CORPORATION LIMITED**  
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**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>CONSOLIDATED</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation differences	305,219	(313,317)
Net change in fair value of available-for-sale financial assets	(866,983)	169,558
Net change in fair value of available-for-sale financial assets transferred to profit or loss	<u>31,424</u>	<u>(192,066)</u>
<b>Income and expense recognised directly in equity</b>	(530,340)	(335,825)
<b>Profit/(loss) for the period</b>	<u>(7,668,351)</u>	<u>(17,991,678)</u>
<b>Total recognised income and expense for the period</b>	<u><u>(8,198,691)</u></u>	<u><u>(18,327,503)</u></u>

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	<b>CONSOLIDATED</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	5,166,638	47,305,853
Cash payments in the course of operations	<u>(7,849,886)</u>	<u>(42,522,292)</u>
Cash generated from/(used in) operations	(2,683,248)	4,783,561
Dividends received	451,959	1,630,195
Interest paid	-	(544,907)
Interest received	<u>508,996</u>	<u>1,012,527</u>
<b>Net cash from/(used in) operating activities</b>	<u>(1,722,293)</u>	<u>6,881,376</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(32,995)	(98,967)
Proceeds from sale of property, plant and equipment	33,576	6,211
Repayment of loans to other entities	(358,360)	(53,566)
Repayment of loans from other entities	-	18,648
Loans to associates	(488,476)	(1,820,641)
Investment in equity accounted investees	-	(2,000,000)
Proceeds from sale of available-for-sale investments	<u>1,018,569</u>	<u>291,235</u>
<b>Net cash from/(used in) investing activities</b>	<u>172,314</u>	<u>(3,657,080)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	(10,057,466)
Proceeds from issue of shares	-	-
Lease payments	<u>(89,381)</u>	<u>(80,541)</u>
<b>Net cash from/(used in) financing activities</b>	<u>(89,381)</u>	<u>(10,138,007)</u>
<b>Net increase in cash and cash equivalents</b>	(1,639,360)	(6,913,711)
Cash and cash equivalents at 1 July	<u>8,303,779</u>	<u>15,217,490</u>
<b>Cash and cash equivalents at 30 June</b>	<u><b>6,664,419</b></u>	<u><b>8,303,779</b></u>

**CHARTER PACIFIC CORPORATION LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. SEGMENT REPORTING**

**Business segments**

The Group comprises the following main business segments:

- financial services – the corporate advisory business to deliver significant returns in future years;
- investments – investments in listed and unlisted companies to deliver significant returns in future years;
- share trading – the purchase and sale of listed investment securities to generate short-term profits; and
- other: IPTV - Internet Protocol Television is a system where a digital television service is delivered using internet protocol.

**Geographical segments**

The financial services, investment and share trading segments operate in Australia. The Other: IPTV segment operates in the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. SEGMENT REPORTING (CONTINUED)**

Business segments	FINANCIAL SERVICES		INVESTMENTS		SHARE TRADING		OTHER: IPTV		ELIMINATIONS		CONSOLIDATED	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total external revenues	256,902	-	2,062,517	(2,413,489)	(1,981,693)	(5,174,657)	-	-	-	2,836,961	337,726	(4,751,185)
Inter-segment revenues	-	195,533	-	-	-	-	-	-	-	(195,533)	-	-
Other income	-	515,138	-	-	-	1,587,610	35,573	40,571	-	(499,210)	35,573	1,644,109
Total segment revenue	<u>256,902</u>	<u>710,671</u>	<u>2,062,517</u>	<u>(2,413,489)</u>	<u>(1,981,693)</u>	<u>(3,587,047)</u>	<u>35,573</u>	<u>40,571</u>	<u>-</u>	<u>2,142,218</u>	<u>373,299</u>	<u>(3,107,076)</u>
Segment result	<u>(1,025,786)</u>	<u>(2,365,019)</u>	<u>(1,978,642)</u>	<u>(6,063,731)</u>	<u>(1,981,693)</u>	<u>(6,470,135)</u>	<u>(1,035,724)</u>	<u>(9,464,710)</u>	<u>2,707,183</u>	<u>10,708,982</u>	<u>(3,314,662)</u>	<u>(13,654,613)</u>
Unallocated expenses											<u>(4,550,260)</u>	<u>(4,656,058)</u>
Results from operating activities											(7,864,922)	(18,310,671)
Net financing income											765,627	540,341
Share of profit/(loss) of equity accounted investees			(569,056)	(376,345)							(569,056)	(376,345)
Income tax (expense)/benefit											-	154,997
<b>Profit/(loss) for the period</b>											<u>(7,668,351)</u>	<u>(17,991,678)</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**1. SEGMENT REPORTING (CONTINUED)**

Business segments	FINANCIAL SERVICES		INVESTMENTS		SHARE TRADING		OTHER: IPTV		UNALLOCATED		CONSOLIDATED	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment assets	2,860,880	3,754,605	1,459,135	1,247,988	3,130,356	8,477,843	46,231	224,375	4,467,546	6,048,114	11,964,148	19,752,925
Investment in equity accounted investees	-	-	302,006	895,793	-	-	-	-	-	164,418	302,006	1,060,211
Total assets											<u>12,266,154</u>	<u>20,813,136</u>
Segment liabilities	151,923	132,247	-	-	-	82,984	7,170	161,241	-	-	159,093	376,472
Unallocated liabilities											<u>1,557,921</u>	<u>1,719,957</u>
Total liabilities											<u>1,717,014</u>	<u>2,096,429</u>
Capital expenditure	25,210	-	64,250	-	-	-	-	220,668	-	73,490	89,460	294,158
Depreciation	8,423	1,898	-	-	-	1,038	34,648	59,868	113,831	130,069	156,902	192,873
Amortisation of intangible assets	-	-	-	-	-	-	-	452,441	-	-	-	452,441
Impairment loss	-	-	1,522,655	4,630,280	-	-	-	1,091,462	-	370,500	1,522,655	6,092,242
<b>Geographical segments</b>							<b>AUSTRALIA</b>	<b>UNITED KINGDOM</b>			<b>CONSOLIDATED</b>	
							<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
							\$	\$	\$	\$	\$	\$
Revenue from external customers							<u>337,726</u>	<u>(3,147,647)</u>	<u>35,573</u>	<u>40,571</u>	<u>373,299</u>	<u>(3,107,076)</u>
Segment assets							<u>12,219,923</u>	<u>20,588,762</u>	<u>46,231</u>	<u>224,375</u>	<u>12,266,154</u>	<u>20,813,137</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**2. EQUITY ACCOUNTED INVESTEEES**

The Group's share of losses in its equity accounted investees for the year was \$569,056 (2008:\$376,345). Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

	<b>Ownership</b>	<b>Current assets</b>	<b>Non-current assets</b>	<b>Total Assets</b>	<b>Current liabilities</b>	<b>Non-current liabilities</b>	<b>Total liabilities</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Profit/(loss)</b>	<b>Carrying value</b>
<b>2008</b>											
GMCG LLC	40.70%	1,440,990	-	1,440,990	166,616	-	166,616	5,009,836	(4,388,033)	621,803	189,200
Monteray Group Limited	40.70%	143,524	1,587,140	1,730,664	2,514,407	-	2,514,407	961,535	(2,714,085)	(1,752,550)	422,299
OEM NuTech Pty Ltd	50.00%	1,051,363	928,577	1,979,940	419,456	615,804	1,035,260	2,569,453	(2,402,077)	167,376	448,713
Priority Plus Managed	50.00%	-	-	-	-	-	-	-	-	-	-
		<u>2,635,877</u>	<u>2,515,717</u>	<u>5,151,594</u>	<u>3,100,479</u>	<u>615,804</u>	<u>3,716,283</u>	<u>8,540,824</u>	<u>(9,504,195)</u>	<u>(963,371)</u>	<u>1,060,212</u>
<b>2009</b>											
Monteray Group Limited	40.70%	77,847	26,219	104,066	2,931,967	-	2,931,967	1,190,386	(3,234,544)	(2,044,158)	-
OEM NuTech Pty Ltd	50.00%	907,969	910,875	1,818,844	443,861	733,718	1,177,579	2,184,251	(2,477,666)	(293,415)	302,006
Portunas Limited	50.00%	45,847	-	45,847	103,305	-	103,305	91,375	(148,932)	(57,557)	-
		<u>1,031,663</u>	<u>937,094</u>	<u>1,968,757</u>	<u>3,479,133</u>	<u>733,718</u>	<u>4,212,851</u>	<u>3,466,012</u>	<u>(5,861,142)</u>	<u>(2,395,130)</u>	<u>302,006</u>

In June 2009 CP Capital acquired 50% of the issued capital of Portunas Limited. The Group has not recognised losses relating to Portunas Limited totalling \$28,729 for the year ended 30 June 2009 since the Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Monteray Limited totalling \$409,674 for the year ended 30 June 2009 since the Group has not obligation in respect of these losses.

In the financial statements of the Company, investments in associates are accounted for at cost.

**Impairment loss**

At 30 June 2009 the recoverable value of the investment in Monteray Group Limited calculated by reference to the market price of its shares as quoted on the Australian Securities Exchange was less than the carrying value in the consolidated accounts. An impairment loss of \$141,666 was recorded in the consolidated accounts (2008:(\$392,101)).

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CAPITAL AND RESERVES**

**Reconciliation of movement in capital and reserves**

**CONSOLIDATED**

	<b>Share capital</b>	<b>Option issue reserve</b>	<b>Fair value reserve</b>	<b>Foreign currency translation reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2007	23,091,451	1,367,510	853,571	(497,281)	11,927,533	36,742,784
Total recognised income and expense	-	-	(22,508)	(313,317)	(17,991,678)	(18,327,503)
Shares and options issued	-	301,426	-	-	-	301,426
Balance at 30 June 2008	<u>23,091,451</u>	<u>1,668,936</u>	<u>831,063</u>	<u>(810,598)</u>	<u>(6,064,145)</u>	<u>18,716,707</u>
Balance at 1 July 2008	23,091,451	1,668,936	831,063	(810,598)	(6,064,145)	18,716,707
Total recognised income and expense	-	-	(835,559)	305,219	(7,668,351)	(8,198,691)
Shares and options issued	-	185,910	-	-	(154,786)	31,124
Balance at 30 June 2009	<u>23,091,451</u>	<u>1,854,846</u>	<u>(4,496)</u>	<u>(505,379)</u>	<u>(13,887,282)</u>	<u>10,549,140</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**4. EARNINGS PER SHARE**

The calculation of basic and diluted earnings per share at 30 June 2009 was based on the profit/(loss) attributable to ordinary shareholders of (\$7,668,351) (2008:(\$17,991,678)) and a weighted average number of ordinary shares outstanding of 84,707,069 (2008:84,707,062), calculated as follows:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Profit attributable to ordinary shareholders</b>		
Net profit/(loss) for the period	<u>(7,668,351)</u>	<u>(17,991,678)</u>
Net profit/(loss) attributable to ordinary shareholders	<u>(7,668,351)</u>	<u>(17,991,678)</u>
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 July	<u>84,707,069</u>	<u>84,707,062</u>
Weighted average number of ordinary shares at 30 June	<u>84,707,069</u>	<u>84,707,062</u>
Basic and diluted loss per share	\$ (0.091)	\$ (0.212)
Options outstanding are not dilutive		

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

**5. SUBSEQUENT EVENTS**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.