



CHARTER PACIFIC INVESTOR REVIEW

SEPTEMBER 2007

Dear Shareholder,

In 2007 Charter Pacific expanded its operating businesses in the funds management and corporate advisory sectors and completed a number of targeted portfolio investments.

For the year to 30 June 2007, Charter Pacific recorded an operating profit of \$4.7 million before extraordinary items and income tax. These items include expenses of \$1.8 million relating to the establishment of Charter Pacific Funds Management Limited and Charter Pacific Capital Limited, non-cash expenses of \$6 million, equity accounting losses of \$0.5 million and taxation expenses of \$1.2 million. This resulted in a consolidated loss of \$4.8 million for the year.

Highlights for the year:

Charter Pacific Capital Limited (CP Capital) opened its doors for operation in February this year.

CP Capital is building a strong team with a wide cross section of experience to provide specialist independent corporate advice to predominantly small-to-mid cap public and private companies in Australia, the UK and Europe. Offices have been established in Brisbane and Sydney, and currently being established in Melbourne to take advantage of an extensive network of business relationships built up over a long period of time.

Charter Pacific Funds Management launched its first fund, the Financial Services Fund in January 2007. Further investment products are currently being developed and we look forward to their launch during the current financial year.

On the investment front, earlier this year Charter Pacific successfully exited its investment in ChemGenex Pharmaceuticals Limited, realising a profit of \$4.8 million and returning \$17.9 million in cash to the Company.

I am confident that the steps we have taken in 2007 will strengthen our asset base and provide stronger financial and business results for Charter Pacific Corporation in the future. We look forward to consolidating on our strategic initiatives in 2008 and will keep you updated on our progress.

Yours Sincerely,
Kevin J Dart
Managing Director

BOARD APPOINTMENTS

Charter Pacific Corporation Limited recently appointed Peter Bradfield and Thomas Hartigan to the Company's Board of Directors. The new Directors join Chairperson, Brian Sprod and Managing Director, Kevin Dart on the Charter Pacific Board.

Mr Bradfield and Mr Hartigan bring significant and valuable business and investment experience to the Charter Pacific Board.

Mr Bradfield is a director of a number of companies both public and private and is Managing Director of Bradfield Corporate Services, providing strategic marketing and business development advice to a range of international companies. He is the former Chairman and Managing Director of Elders Mining group of companies, CEO of Energy Resources of Australia, a past Director of both the Australian Mining Industry Council and the Queensland Chamber of Mines. He was a Foundation Director of the Australian Minerals Energy and Environment Foundation.

Mr Hartigan established corporate advisory and investment business T.J. Hartigan Corporate Services and has worked closely with a range of industrial companies and more recently with selected banking and merchant banking clients. Mr Hartigan specialises in raising capital for growing businesses, particularly in the transition from private to public companies. He is the Chairman of ASX listed companies Eiffel Technologies Limited and FirstFolio Limited and a former Director of Metway Bank Limited.

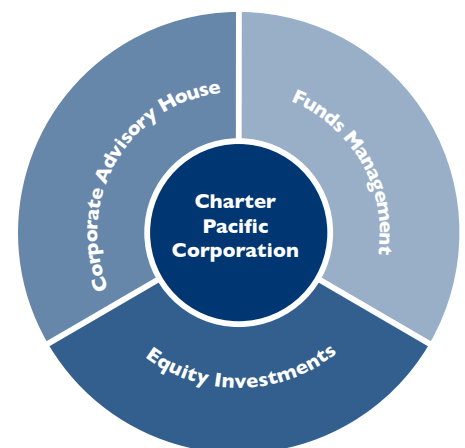
OUR BUSINESSES

Charter Pacific Corporation Limited controls two subsidiary companies, Charter Pacific Capital Limited (CP Capital) - 100% owned by CPC, a licensed AFSL corporate advisory house, and Charter Pacific Funds Management Limited - 100% owned by CPC, a licensed AFSL funds management business that commenced operations in the 2007 financial year.

CHARTER PACIFIC CAPITAL LIMITED (CP Capital)

Charter Pacific Capital Limited (CP Capital), an independent, Australian-owned corporate advisory house (AFSL No. 304985), provides strategic and corporate financial advice to small and mid-market listed companies, as well as to private and family-owned companies. It is envisaged that CP Capital clients will seek assistance for transactions that are typically in the deal size range of \$10 million to \$500 million. CP Capital has offices in Brisbane, Sydney and Melbourne.

The CP Capital team has a depth of practical experience and a strong track record in corporate advisory and deal execution in both domestic and cross-border transactions.



CHARTER PACIFIC CAPITAL LIMITED *Continued*

MELBOURNE	SYDNEY
<p>BRUCE MCMENAMIN, EXECUTIVE CHAIRMAN</p> <p>Bruce was formerly the leader of Horwath Corporate Advisory. He is experienced in structuring IPOs, mergers, acquisitions and divestments. With 35 years of accounting and advisory experience gained across all areas in compliance accounting, management and taxation, Bruce brings a broad based pro-active understanding to the Company.</p>	<p>DAVID BOTTOMLEY, DIRECTOR</p> <p>David is a corporate advisor specialising in mergers, acquisitions, divestments and capital markets transactions. He was formerly employed by Merrill Lynch & Co and Kleinwort Benson (London). He was most recently the managing director Australia of New York based investment bank, Global Markets Capital Group.</p>
BRISBANE	
<p>ROGER BYRNE, DIRECTOR</p> <p>Roger was formerly a partner of one of Australia's most successful law firms, Clayton Utz. Roger has over 15 years experience as a corporate lawyer practising in the areas of mergers and acquisition, public and private capital raisings and corporate restructuring. He was most recently a director in the Sydney office of New York based investment bank, Global Markets Capital Group.</p>	<p>JUSTIN QUINN, ASSOCIATE DIRECTOR</p> <p>Justin is a former Associate Director of nabCapital. He is experienced in structuring and trading of foreign exchange, equities and interest rate risk management across European, Asian and US markets, as well as capital raisings and structured investment distribution in the wholesale Australian market.</p>

CHARTER PACIFIC FUNDS MANAGEMENT LIMITED

Managing Director: Stephen Cleugh

Charter Pacific Funds Management, a licensed AFSL funds management business, seeded the Financial Services Fund in January 2007. Charter Pacific Corporation Limited invested \$25 million over 2 tranches in this fund during the year and on 30 June 2007 received a distribution of \$0.8 million.

The Charter Pacific Financial Services Fund achieved a **return of 10.08%** up until **30 June 2007, out performing the benchmark return of 8.88% by 120 basis points.**

The positive performance has continued up to **31 August 2007** with the Financial Services Fund now **returning 12.18%, which is 325 basis points above its benchmark since inception.**

DIRECTORY LISTING

CHARTER PACIFIC CAPITAL LIMITED

BRISBANE	SYDNEY	MELBOURNE
Level 24, Riparian Plaza, 71 Eagle St, Brisbane Ph: 07 3229 1603	Level 31, Aurora Place, 88 Phillip St, Sydney Ph: 02 8211 2721	bmcmenamin@cpcapital.com.au Ph: 03 8825 7080

CHARTER PACIFIC FUNDS MANAGEMENT LIMITED

BRISBANE
Level 24, Riparian Plaza,
71 Eagle St, Brisbane
Ph: 07 3229 9113

OUR INVESTMENTS

Charter Pacific Corporation Limited has direct investments in:

- Global Markets Capital Group (GMCG);
- Monterey Group Limited;
- OEM NuTech Pty Ltd; and
- Opus Media Ltd.

It has been a busy year for these direct investments, with significant improvement in their strategic positions, performance and revenues.

GMCG, an independent advisory investment bank based in the US that specializes in the healthcare and biotechnology sector, generated a 19% increase in revenues during the last financial year. GMCG will continue to provide advice on mergers and acquisitions throughout the US, Europe, Australia, Asia and Latin America.

Charter Pacific Corporation holds a 40.7% stake in GMCG.

Monterey Group, the owner of GPen Pty Ltd superannuation administration platform, has seen a substantial increase of over \$2.3 million in revenues during the last financial year. Monterey Group Directors are continuing to commercialise the GPen platform in Australia, in addition to investigating various business opportunities to provide revenue streams into the company in the short term.

Charter Pacific Corporation holds a 40.7% stake in Monterey Group Limited.

OEM NuTech, a distributor of new and innovative technologies to the Australian coatings industry, generated a 63% increase in revenues in 2007. As NuTech continues to grow we expect to see some major developments that continue to increase revenue and profitability.

Charter Pacific holds a 50% stake in OEM NuTech.

Opus Media, a leading provider of video content for internet streaming, has a library of in excess of 2,300 movies, 1,500 video clips and music content of Bollywood, Marathi, Tamil, Karnada, Bengali and Pakistani origin. The business is based in the UK and was acquired in December 2006 to take advantage of the growing IPTV market globally.

Opus Media represents a significant investment of time and resources for Charter Pacific. The business has been restructured to take advantage of the growing demand for internet streaming of ethnic video content globally. The significant library of movies and associated content provides opportunities in a very competitive market.

Charter Pacific owns a 100% stake in Opus Media.

