



CHARTER
PACIFIC
Corporation Limited

A.B.N. 12 003 344 287

31 August, 2010

Listed investment company, Charter Pacific Corporation Limited (ASX: CHF) today announced a consolidated loss of \$3.68 million for the 2010 financial year, an improvement of 51.97% over the 2009 result. The loss includes a \$2.4 million impairment on investments and loans. The improved result reflects the impact of a subdued recovery in global markets and Charter Pacific's prudent management of its investment portfolio in this environment. Charter Pacific continues to actively manage and reposition its investment portfolio.

Charter Pacific's financial position remains sound with no debt held at the Group level and substantial stakes in businesses that are well positioned in growth markets.

In particular, Monteray Group Limited (ASX: MRY) - 40.7% owned by CPC - has recently entered into a non-binding heads of agreement to acquire certain gold mining tenements based in and around the goldfields area of Western Australia. This represents an opportunity for Monteray to capitalise on the strength of the resources market and pricing for gold exploration businesses.

Further, CPC owns a 17.8% stake in FarmWorks Australia Limited (ASX: FWA) – which re-listed on the ASX in March 2010 and is making strong growth in the agribusiness sector. FarmWorks is a specialist provider of rural services that has developed a full service network of rural services including rural merchandise, livestock, finance and property.

We look forward to updating you on our investments during the next financial year.

Yours faithfully,

Brian Sprod
Chairman

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**CHARTER
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Corporation Limited

Appendix 4E

Preliminary final report

Year ended 30 June 2010

For announcement to the market

Results for announcement to the market:

Revenues from ordinary activities	Up	N/A	to	\$ 2,029,370
(Loss) from ordinary activities after tax attributable to members	Down	N/A	to	\$ (3,682,674)
Net (loss) for the period attributable to members	Down	N/A	to	\$ (3,682,674)

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 2010 was \$0.08 (2009: \$0. 12)

The financial statements are in the process of being audited.

Charter Pacific Corporation Limited

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CHARTER PACIFIC CORPORATION LIMITED
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CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	CONSOLIDATED	
	2010	2009
	\$	\$
ASSETS		
Cash and cash equivalents	5,150,088	6,664,419
Trade and other receivables	151,216	740,123
Prepayments	90,144	103,378
Investments	<u>1,597,034</u>	<u>3,130,356</u>
Total current assets	<u>6,988,482</u>	<u>10,638,276</u>
Investments in equity accounted investees	-	302,006
Investments	868,866	-
Other receivables	362,832	828,963
Plant and equipment	391,187	496,909
Intangibles	<u>-</u>	<u>-</u>
Total non-current assets	<u>1,622,885</u>	<u>1,627,878</u>
Total assets	<u>8,611,367</u>	<u>12,266,154</u>
LIABILITIES		
Trade and other payables	239,594	412,135
Loans and borrowings	81,408	64,932
Employee benefits	<u>724,868</u>	<u>697,852</u>
Total current liabilities	<u>1,045,870</u>	<u>1,174,919</u>
Loans and borrowings	110,687	192,095
Employee benefits	<u>420,976</u>	<u>350,000</u>
Total non-current liabilities	<u>531,663</u>	<u>542,095</u>
Total liabilities	<u>1,577,533</u>	<u>1,717,014</u>
NET ASSETS	<u>7,033,834</u>	<u>10,549,140</u>
EQUITY		
Issued capital	23,169,451	23,091,451
Reserves	1,434,339	1,344,971
Retained earnings (accumulated losses)	<u>(17,569,956)</u>	<u>(13,887,282)</u>
TOTAL EQUITY	<u>7,033,834</u>	<u>10,549,140</u>

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	CONSOLIDATED	
	2010	2009
	\$	\$
Net change in fair value of investments held for trading	1,475,043	(2,316,769)
Dividend income	27,413	335,076
Net profit/(loss) on sale of associate	-	804,156
Revenue - provision of services	180,000	152,460
Revenue - online content	2,231	-
Other income	891,462	1,399,044
Depreciation and amortisation expenses	(111,464)	(156,902)
Rent and occupancy costs	(575,607)	(823,487)
Professional fees	(510,550)	(1,470,030)
Travel expenses	(156,710)	(226,873)
Shareholder reports and registry costs	(60,055)	(104,951)
Personnel expenses	(2,103,186)	(3,079,967)
Other operating expenses	<u>(538,984)</u>	<u>(822,900)</u>
Net operating income/(loss) before share-based payments and impairment losses	<u>(1,480,408)</u>	<u>(6,311,143)</u>
Share-based payments	(78,000)	(31,124)
Impairment losses	<u>(2,401,342)</u>	<u>(1,522,655)</u>
Results from operating activities	<u>(3,959,750)</u>	<u>(7,864,922)</u>
Financial income	344,683	765,627
Financial expenses	<u>-</u>	<u>-</u>
Net finance income	<u>344,683</u>	<u>765,627</u>
Profit/(loss) before equity accounting and income tax	(3,615,067)	(7,099,295)
Share of net losses of equity accounted investees	<u>(67,607)</u>	<u>(569,056)</u>
Profit/(loss) before income tax	<u>(3,682,674)</u>	<u>(7,668,351)</u>
Income tax (expense)/benefit	<u>-</u>	<u>-</u>
Profit/(loss) for the period	<u><u>(3,682,674)</u></u>	<u><u>(7,668,351)</u></u>

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2010

	CONSOLIDATED	
	2010	2009
	\$	\$
Other comprehensive income		
Foreign exchange translation differences for foreign operations	89,368	(12,209)
Foreign exchange translation differences transferred to profit or loss	-	317,428
Change in fair value of available-for-sale financial assets	-	(866,983)
Fair value adjustments of available-for-sale financial assets transferred to profit or loss	<u>-</u>	<u>31,424</u>
Fair value adjustments of equity accounted investment transferred to profit or loss	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>89,368</u>	<u>(530,340)</u>
Total comprehensive income for the period attributable to owners of the Company	<u>(3,593,306)</u>	<u>(8,198,691)</u>
Earnings per share		
Basic earnings per share	<u>(0.043)</u>	<u>(0.091)</u>
Diluted earnings per share	<u>(0.043)</u>	<u>(0.091)</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Option issue reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	23,091,451	1,668,936	831,063	(810,598)	(6,064,145)	18,716,707
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(7,668,351)	(7,668,351)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	305,219	-	305,219
Change in fair value of available-for-sale financial assets	-	-	(835,559)	-	-	(835,559)
Total other comprehensive income	-	-	(835,559)	305,219	-	(530,340)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(835,559)</u>	<u>305,219</u>	<u>(7,668,351)</u>	<u>(8,198,691)</u>
Transactions with owners, recorded directly in equity						
Bonus options issued to shareholders	-	154,786	-	-	(154,786)	-
Share-based payment transactions	-	31,124	-	-	-	31,124
Total transactions with owners	-	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>
Balance at 1 July 2009	23,091,451	1,854,846	(4,496)	(505,379)	(13,887,282)	10,549,140
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(3,682,674)	(3,682,674)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	-	89,368	-	89,368
Total other comprehensive income	-	-	-	89,368	-	89,368
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,368</u>	<u>(3,682,674)</u>	<u>(3,593,306)</u>
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners</i>						
Share-based payment transactions	78,000	-	-	-	-	78,000
Total transactions with owners	78,000	-	-	-	-	78,000
Balance at 30 June 2010	<u>23,169,451</u>	<u>1,854,846</u>	<u>(4,496)</u>	<u>(416,011)</u>	<u>(17,569,956)</u>	<u>7,033,834</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	CONSOLIDATED	
	2010	2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	2,799,970	4,810,524
Cash payments in the course of operations	<u>(5,039,609)</u>	<u>(7,952,042)</u>
Cash generated from/(used in) operations	(2,239,639)	(3,141,518)
Dividends received	74,077	429,029
Interest paid	-	-
Interest received	<u>223,999</u>	<u>490,137</u>
Net cash from/(used in) operating activities	<u>(1,941,563)</u>	<u>(2,222,352)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(9,077)	(32,995)
Proceeds from sale of property, plant and equipment	285	33,576
Payments for deposits	(11,866)	-
Loans to associates - advances	(1,002,961)	(807,266)
Loans to associates - repayments	962,108	428,849
Loans to other entities	-	(358,360)
Proceeds of legal settlement	569,666	390,000
Proceeds from sale of available-for-sale listed investments	<u>-</u>	<u>1,018,569</u>
Net cash from/(used in) investing activities	<u>508,155</u>	<u>672,373</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Proceeds from issue of shares	-	-
Lease payments	<u>(80,923)</u>	<u>(89,381)</u>
Net cash from/(used in) financing activities	<u>(80,923)</u>	<u>(89,381)</u>
Net increase/(decrease) in cash and cash equivalents	(1,514,331)	(1,639,360)
Cash and cash equivalents at 1 July	<u>6,664,419</u>	<u>8,303,779</u>
Cash and cash equivalents at 30 June	<u>5,150,088</u>	<u>6,664,419</u>

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS

The Group comprises the following main operating segments:

- financial services – the corporate advisory business generating revenues from items such as success fees/ consulting fees to deliver significant returns in future years;
- investments – investments in listed and unlisted companies to deliver significant returns in future years through capital appreciation and/or interest on loan funds advanced;
- 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. Revenue is derived from advertising and pay per views.

There is little or no integration between the four segments, other than shared operating costs and corporate assets.

Information regarding the result of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment in comparison to market conditions and past performance.

Comparative segment information has been represented in conformity with the requirement of AASB 8 Operating Segments.

Geographical segments

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

The Group does not have any significant revenues or non-current assets outside of Australia.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (CONTINUED)

	FINANCIAL SERVICES		INVESTMENTS		SHARE TRADING		IPTV		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total external revenue	20,000	-	160,000	956,616	1,502,456	(1,981,693)	2,231	-	1,684,687	(1,025,077)
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Interest income	134,554	171,791	210,129	593,836	-	-	-	-	344,683	765,627
Interest expense	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	(9,392)	(8,423)	-	-	-	-	(5,092)	(34,648)	(14,484)	(43,071)
Reportable segment profit before income tax	(1,100,102)	(878,256)	(2,308,949)	(2,091,711)	1,502,456	(1,981,693)	(124,464)	(1,035,724)	(2,031,059)	(5,987,384)
Share of profit/(loss) of equity accounted investees	-	-	(67,607)	(569,056)	-	-	-	-	(67,607)	(569,056)
<i>Other material non-cash items:</i>										
Impairment of loans to and investments in associates	-	-	(1,430,352)	(720,489)	-	-	-	-	(1,430,352)	(720,489)
Impairment of available-for-sale investments	-	-	(1,026,272)	(381,005)	-	-	-	-	(1,026,272)	(381,005)
Reportable segment assets	1,946,445	2,859,476	4,173,595	4,283,503	1,597,034	3,130,356	9,723	44,793	7,726,797	10,318,128
Investment in associates	-	-	-	302,006	-	-	-	-	-	302,006
Capital expenditure	(799)	(25,210)	-	-	-	-	-	-	(799)	(25,210)

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2010	2009
Revenues	\$	\$
Total revenue for reportable segments	1,684,687	(1,025,077)
Other revenue	-	-
Consolidated revenue	<u>1,684,687</u>	<u>(1,025,077)</u>
Profit or loss		
Total profit or loss for reportable segments	(2,031,059)	(5,987,384)
Unallocated amounts: other corporate expenses	<u>(1,651,615)</u>	<u>(1,680,967)</u>
Consolidated profit/(loss) before income tax	<u>(3,682,674)</u>	<u>(7,668,351)</u>
Assets		
Total assets for reportable segments	7,726,797	10,318,128
Other corporate assets	884,570	1,948,026
Other unallocated amounts	-	-
Consolidated total assets	<u>8,611,367</u>	<u>12,266,154</u>
Liabilities		
Total liabilities for reportable segments	58,720	156,224
Other corporate liabilities	1,518,813	1,560,790
Other unallocated amounts	-	-
Consolidated total liabilities	<u>1,577,533</u>	<u>1,717,014</u>

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. EQUITY ACCOUNTED INVESTEEES

The Group's share of losses in its equity accounted investees for the year was \$67,607 (2009:\$569,056). During the year ended 30 June 2010 the Group has not recognised profits relating to Monterey Group Limited totalling \$99,074, as unrecognised equity accounted losses exceed this amount, and estimated losses relating Portunas Limited totalling \$247,394, since the Group has no obligation in respect of these losses.

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group is as follows:

	Ownership	Current assets	Non-current assets	Total Assets	Current liabilities	Non-current liabilities	Total liabilities	Revenues	Expenses	Profit/(loss)	Carrying value
2009											
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>
2010											
Monteray Group Limited	40.70%	863	50,000	50,863	2,610,340	-	2,610,340	621,486	(378,061)	243,425	-
OEM NuTech Pty Ltd	50.00%	960,983	915,430	1,876,413	584,950	748,204	1,333,154	1,899,373	(2,034,586)	(135,213)	-
		<u>961,846</u>	<u>965,430</u>	<u>1,927,276</u>	<u>3,195,290</u>	<u>748,204</u>	<u>3,943,494</u>	<u>2,520,859</u>	<u>(2,412,647)</u>	<u>108,212</u>	<u>-</u>

During the 2010 financial year Portunas Limited failed to deliver a positive return to the Company and consequently it was voluntarily liquidated on 16 June 2010.

Impairment loss

In the absence of an independent valuation, the recoverable value of the investment in associate, OEM NuTech is required to be determined by discounting future cash flows. On this basis an impairment loss of \$234,394 has been recognised in the Company accounts at 30 June 2010 (2009:\$nil), after equity accounted losses of \$67,607.

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CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 30 June 2010 was based on the profit/(loss) attributable to ordinary shareholders of (\$3,682,674) (2009:(\$7,668,351)) and a weighted average number of ordinary shares outstanding of 85,357,065 (2009:84,707,063), calculated as follows:

	Consolidated	
	2010	2009
	\$	\$
Profit attributable to ordinary shareholders		
Net profit/(loss) for the period	<u>(3,682,674)</u>	<u>(7,668,351)</u>
Net profit/(loss) attributable to ordinary shareholders	<u>(3,682,674)</u>	<u>(7,668,351)</u>
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	84,707,065	84,707,062
Effect of shares issued	650,000	-
Effect of share options exercised	<u>-</u>	<u>1</u>
Weighted average number of ordinary shares at 30 June	<u>85,357,065</u>	<u>84,707,063</u>
Basic and diluted loss per share	\$ (0.043)	\$ (0.091)
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.

4. 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.