



## **ADVENT LIMITED**

### **DIRECTORS' STATEMENT TO THE STOCK EXCHANGE RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

The Directors of Advent Limited today announced an operating profit after tax attributable to members of the parent entity of \$145,000 for the half year ended 31 December 2006 compared to a profit of \$5,401,000 for the previous corresponding half-year ended 31 December 2005.

The major components of the current half year result are as follows:

- Following the sale of the balance of the investment assets, the primary source of funds now remaining is represented by interest from cash reserves which are invested in term deposits and interest bearing bank accounts. Interest income for the period totalled \$719,000.
- The manager's fee for the period totalled \$250,000 and is subject to re-negotiation beyond 1 January 2007.
- On going .expenses primarily relate to professional services in regard to the ATO tax audit and other fees required to retain the Company listing under ASX and ASIC regulations.

#### **Updated Net Tangible Asset Backing**

The updated assessment of the Net Tangible Asset Backing (NTAB) as at 31 December 2006 is \$0.98 per share, which has changed slightly from 30 June 2006 reported results.

Advent's remaining Net Assets are valued at \$20.9 million as per the enclosed Consolidated Balance Sheet on page 3 of this report. Of this, \$20.5 million is represented by cash and cash equivalents, with the balance primarily represented by the Tower escrow portion not currently provided (see below).

#### **Tower escrow**

As at 31 December 2006, and continuing today, an escrow amount of \$1.5 million of cash remains pending on the final determination of warranty claims on the Vignette/Tower transaction. \$1.2 million has been provided and carried forward against this. The expiry period for this claim has now been extended to 31 January 2007 and efforts continue to seek recovery in full. Vignette's claim is being challenged by the Company and assistance has been sought from consultants, but there is no guarantee that a favourable result will be achieved.

### **Australian Taxation Office (ATO) audit**

As previously advised, the ATO are currently conducting an audit of specified transactions of the Company over the last several years. At this stage, there has been little progress in this matter and there has been no increased tax liability notified. However, the board continues to be of the view that it would be imprudent to distribute dividends or capital to shareholders until the conclusion of the audit.

### **Return of Capital**

At an Extraordinary General Meeting (EGM) of members, on 29 November, 2006, it was resolved that, subject to the company receiving, by no later than 31 March 2007, written notification from the Commissioner of Taxation ("clearance") that he will not make any determination pursuant to section 45b(3)(b) of the income tax assessment act 1936 (Cth) in respect of the return of capital of 25 cents per share to each holder of ordinary shares registered in the company's register of members, 7 business days after the company notifies the Australian Stock Exchange Limited (ASX) of receipt of the clearance. The Company has sought this clearance from the Commissioner and will advise the ASX and shareholders once received.

### **Returns to Shareholders**

The objective remains to return funds to Shareholders as quickly as possible following the successful conclusion of the reported Australian Taxation Office audit. Further returns are dependant on allowances for the constraints of the remaining escrow and warranty arrangements and determination of final issues relative to tax matters and any impact on available franking credits.

### **Subsequent events**

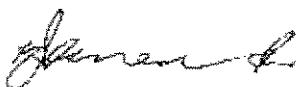
Other than those events noted above and in the Appendix 4D Report, there has been no other matter or circumstance that has arisen since the end of the reporting period that has significantly affected or may significantly effect the operations of the entity, the results of those operations or the state of affairs of the entity in future periods.

### **Cash Reserves**

The Company has maintained sufficient reserves to meet all commitments through to its eventual wind-up following the completion of the divestment program.

For further information in respect of the announcement please contact the Company Secretary, Mr Roland Stadly on (03) 9690 9566.

Yours sincerely,



**Kevin J. Croagh AO**  
**Chairman**

18 January 2007

**ADVENT LIMITED**  
ACN 006 509 708

**Directors' Report**

The Directors of Advent Limited, submit herewith the financial report for the half-year ended 31 December 2006 in the form of Appendix 4D (Rule 4.2A) of the Australian Stock Exchange (ASX) Listing Rules, including the Directors' Declaration and the Independent Review Report to Members of Advent Limited. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

***DIRECTORS***

The names of the Directors of the company during or since the end of the half-year are:

Mr K.J. Croagh  
Mr R.H. Giles  
Mr B.F. Ball  
Mr R.A. Harrington (Alternate Director)

***REVIEW OF OPERATIONS***

The Consolidated Entity achieved an operating profit for the 6 months to 31 December 2006 of \$145,000 after income tax expense. Further detail is included in notes to the half-year financial report attached.

***INDEPENDENCE DECLARATION BY AUDITOR***

The Auditors Independence Declaration is included on page 4.

***ROUNDING OF AMOUNTS***

The company is a kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



***K.J. CROAGH***

Director

Melbourne, 18 January 2007

18 January 2007

The Board of Directors  
Advent Limited  
Level 17, HWT Tower  
40 City Road  
SOUTHBANK VIC 3006

Dear Board Members

### **Advent Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Advent Limited.

As lead partner for the review of the financial statements of Advent Limited for the half year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Chris Biermann  
Partner  
Chartered Accountants

## Independent Auditor's Review Report to the members of Advent Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Advent Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 23.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Advent Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Auditor's Independence Declaration*

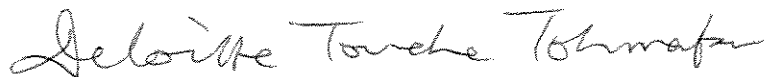
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

# Deloitte.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Advent Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Biermann  
Partner  
Chartered Accountants  
Melbourne, 18 January 2007

**ADVENT LIMITED**

**ACN 006 509 708**

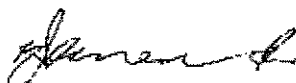
**Directors' Declaration**

The directors declare that:

- a) in the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors



**K.J. CROAGH**  
**Director**

**Melbourne, 18 January 2007**

**APPENDIX 4D**

**HALF YEARLY REPORT**

Name of entity

ADVENT LIMITED

ABN or equivalent company reference

83 006 509 708

Half yearly  
(tick)

Preliminary  
final (tick)

Half year ended ('current period')

31 DECEMBER 2006

**Results for announcement to the market**

\$A'000

Revenues from ordinary activities	Down	96.44%	to	734
Profit from ordinary activities after tax attributable to members	Down	98.46%	to	145
Net profit (loss) for the period attributable to members	Down	98.46%	to	145

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Interim dividend</b>		
In respect of the 2007 financial year as at 31 December 2006	N/A	N/A
In respect of the 2006 financial year as at 31 December 2005	N/A	N/A
<b>Final Dividend</b>		
In respect of the 2007 financial year as at 31 December 2006	N/A	N/A
In respect of the 2006 financial year as at 31 December 2005	N/A	N/A
Date the dividend is payable:	N/A	
Record date for determining entitlements to the dividend:	N/A	

<b>Net Tangible Assets Per Security</b>	
As at 31 December 2006	\$0.98
As at 30 June 2006	\$0.97
As at 31 December 2005	\$1.36

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer Directors' Commentary enclosed with this Report.

**Advent Limited and its controlled entities**

**Condensed consolidated income statement for the half-year ended  
31 December 2006**

	Consolidated	
	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
Note	\$'000	\$'000
Revenue	719	20,466
Other income	15	158
<b>Total Revenue</b>	<b>734</b>	<b>20,624</b>
Net management fee (accruals)/ reversals	(250)	(2,198)
Changes in inventories of finished goods and work in progress	-	81
Consumables and other costs of sale	-	(7,177)
Profit/ (loss) on sale of rental assets	-	59
Change in fair value of financial assets classified as fair value through profit or loss	-	3,789
Profit on sale of investment	-	4,321
Foreign exchange (gain)/ loss	(20)	473
Advertising expense	-	(951)
Employee benefits expense	(41)	(6,688)
Depreciation and amortisation expense	-	(2,144)
Insurance expense	-	(149)
Rent	-	(669)
Finance Costs	-	(571)
Other expenses	(247)	(2,363)
<b><i>Profit/(Loss) before income tax expense</i></b>	<b>176</b>	<b>6,437</b>
Income tax (expense)/ benefit	(31)	(1,044)
<b><i>Profit/(Loss) from continuing operations</i></b>	<b>145</b>	<b>5,393</b>
Profit/(Loss) from discontinued operations	-	-
<b><i>Profit for the period</i></b>	<b>145</b>	<b>5,393</b>
(Profit)/ Loss attributable to minority interest	-	8
<b><i>Profit/(Loss) attributable to members of the parent entity</i></b>	<b>145</b>	<b>5,401</b>
<b>Earnings per share:</b>		
Basic (cents per share)	0.7	25.3
Diluted (cents per share)	0.7	25.3

Notes to the financial statements are included on pages 13 to 23

**Advent Limited and its controlled entities**

**Condensed consolidated balance sheet as at 31 December 2006**

	Note	Consolidated		
		31-Dec-06 \$'000	30-Jun-06 \$'000	31-Dec-05 \$'000
<b>Current Assets</b>				
Cash and cash equivalents	5	20,529	18,754	13,551
Trade and other receivables		137	1,903	7,924
Inventories		-	-	2,157
Other financial assets		1,556	1,556	14,219
Other		45	-	5
<b>Total Current Assets</b>		<b>22,267</b>	<b>22,213</b>	<b>37,856</b>
<b>Non-Current Assets</b>				
Property, rental assets, plant and equipment		-	-	21,462
Goodwill		-	-	606
Deferred tax assets		-	-	493
<b>Total Non-Current Assets</b>		<b>-</b>	<b>-</b>	<b>22,561</b>
<b>Total Assets</b>		<b>22,267</b>	<b>22,213</b>	<b>60,417</b>
<b>Current Liabilities</b>				
Trade and other payables		139	256	15,537
Borrowings		-	-	6,803
Current tax payables		-	-	362
Provisions		1,200	1,200	735
<b>Total current liabilities</b>		<b>1,339</b>	<b>1,456</b>	<b>23,437</b>
<b>Non-current liabilities</b>				
Borrowings		-	-	4,971
Deferred tax liabilities		27	-	998
Provisions		-	-	451
<b>Total non-current Liabilities</b>		<b>27</b>	<b>-</b>	<b>6,420</b>
<b>Total liabilities</b>		<b>1,366</b>	<b>1,456</b>	<b>29,857</b>
<b>Net assets</b>		<b>20,901</b>	<b>20,757</b>	<b>30,560</b>
<b>Equity</b>				
Issued capital		14,945	14,945	14,945
Reserves		-	-	(7)
Retained profits		5,956	5,812	14,605
Parent entity interest		20,901	20,757	29,543
Minority interests		-	-	1,017
<b>Total Equity</b>		<b>20,901</b>	<b>20,757</b>	<b>30,560</b>

Notes to the financial statements are included on pages 13 to 23

**Condensed consolidated statement of changes in equity for the half year ended 31 December 2006**

	Consolidated	
	Half-year ended 31 Dec 2006 \$'000	Half-year ended 31 Dec 2005 \$'000
<b>Issued Capital</b>		
Issued capital at the beginning of the period	14,945	14,945
Issued capital during the current period	-	-
<b>Total issued share capital</b>	<b>14,945</b>	<b>14,945</b>
 <b>Reserves</b>		
Foreign currency translation reserve		
Reserves at the beginning of the period	-	(82)
Exchange differences on translating foreign operations	-	75
<b>Foreign currency translation reserve at the end of the period</b>	<b>-</b>	<b>(7)</b>
 <b>Retained Earnings</b>		
Retained earnings at the beginning of the period	5,811	9,204
Net profit attributable to members of the parent entity	145	5,401
Dividends	-	-
<b>Retained profits at the end of the period</b>	<b>5,956</b>	<b>14,605</b>
 Profit for the period	145	5,393
Exchange differences on re-translating foreign operations	-	75
<b>Total income/(expense) for the period</b>	<b>145</b>	<b>5,468</b>
 Attributable to:		
Equity holders of the parent	145	5,476
Minority interests	-	(8)
	<b>145</b>	<b>5,468</b>

Notes to the financial statements are included on pages 13 to 23

**Advent Limited and its controlled entities**

**Condensed consolidated cash flow statement for the half-year ended  
31 December 2006**

	Half-year ended 31 Dec 2006 \$'000	Half-year ended 31 Dec 2005 \$'000
<b><i>Cash Flows From Operating Activities</i></b>		
Receipts from customers	-	22,843
Payments to suppliers and employees	(680)	(20,958)
Interest received and other costs of finance paid	644	(380)
Income tax paid	(6)	(404)
Net cash provided by/(used in) operating activities	<b>(42)</b>	<b>1,101</b>
<b><i>Cash Flows From Investing Activities</i></b>		
Payment for businesses	-	(2,520)
Proceeds on sale of investment securities	1,817	10,380
Interest received	-	165
Payment for property, plant and equipment	-	(1,198)
Proceeds from sale of property, plant and equipment	-	15
Net cash provided by/(used in) investing activities	<b>1,817</b>	<b>6,842</b>
<b><i>Cash Flows From Financing Activities</i></b>		
Proceeds from issues of equity securities by subsidiary	-	1,025
Proceeds from borrowings	-	1,500
Repayment of borrowings	-	(2,447)
Net cash provided by/ (used in) financing activities	<b>-</b>	<b>78</b>
<b><i>Net Increase in cash and cash equivalents</i></b>	<b>1,775</b>	<b>8,021</b>
<b><i>Cash and cash equivalents at the beginning of the half-year</i></b>	<b>18,754</b>	<b>2,705</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	480
<b><i>Cash and cash equivalents at the end of the half-year</i></b>	<b>20,529</b>	<b>11,206</b>

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Notes to the financial statements are included on pages 13 to 23

## Notes to the Financial Statements for the Half Year Ended 31 December 2006

### 1. Summary of Accounting Policies

#### **Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### **Basis of Preparation**

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the financial year ended 30 June 2006, other than as detailed below.

#### **Significant Accounting Policies**

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

##### **(a) Borrowings**

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate.

##### **(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1. Summary of Accounting Policies (cont'd)

(c) **Employee Benefits**

Provision is made for benefits arising in respect to wages and salaries, annual leave and long service leave when it is probable settlement will be required and they are capable of being measured reliably.

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(d) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

(e) **Receivables**

Trade receivables and other receivables are recorded at amortised cost less impairment.

(f) **Property, rental assets, plant and equipment**

*Cost and Valuation*

All classes of fixed assets are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of those assets. Refer to note 1(i).

*Depreciation*

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1. **Summary of Accounting Policies (cont'd)**

(f) **Property, rental assets, plant and equipment (cont'd)**

The useful lives for each class of assets are:

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Rental assets	6-25%	Straight line
Leasehold improvements	5-20%	Straight line
Plant and equipment	10-25%	Straight line
Software	20-48%	Straight line
Motor vehicles	18-22.5%	Diminishing value
Office equipment	5-48%	Straight line

(g) **Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

*Finance Lease*

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferable to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

*Operating Leases*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(h) **Intangibles**

*Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition.

1. Summary of Accounting Policies (cont'd)

(h) *Intangibles (cont'd)*

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

(i) *Impairment of assets*

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1. Summary of Accounting Policies (cont'd)

(j) **Taxes**

Income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts within the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. In addition, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in the income statement except when it is attributable to amounts recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

*Tax Consolidation*

The company and all its wholly-owned Australian resident entities were part of a tax-consolidation group under Australian taxation law until 2006, when the group no longer held 100% of the shares of its subsidiaries. Advent Limited was the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group were recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group were recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts were recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period was different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference was recognised as a contribution from (or distribution to) equity participants.

1. Summary of Accounting Policies (cont'd)

(k) **Financial assets**

*Classification*

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Loans and Receivables*

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

*Financial assets at fair value through profit or loss*

The consolidated entity has classified certain shares as financial assets at fair value through profit or loss. Financial assets held for trading purposes are classified as current assets and are stated as fair value, with any resultant gain or loss recognised in profit or loss. The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to the quoted market prices; and
- The fair value of other financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

*Available-for-sale financial assets*

Certain shares and convertible notes held by the consolidated entity are classified as being available-for-sale and are stated at fair value less impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in profit or loss for the period.

*Financial Liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or the amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

1. Summary of Accounting Policies (cont'd)

(l) **Foreign currencies**

*Functional and presentation currency*

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

*Transactions and balances*

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the reporting period.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

*Group Companies*

The financial statements of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity in the balance sheet.

(m) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The GST component of cash flows are included in the statement of cash flows on a gross basis.

The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1. Summary of Accounting Policies (cont'd)

(n) **Revenue**

*Sale of goods*

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods

*Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of contract.

*Dividend and interest revenue*

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(o) **Principles of Consolidation**

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 "Consolidated and Separate Financial Statements". Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(p) **Comparatives**

In accordance with the first-time adoption of A-IFRS, comparative information has been reclassified where appropriate through retrospective application of A-IFRS to the previous year results so as to achieve consistency with current year disclosures.

## 2. Ratios

Ratios	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
<b>Profit before tax / revenue</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	23.98%	31.21%
<b>Profit after tax / equity interests</b>		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period.	0.69%	18.28%

## 3. Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings Per Share* are as follows:

Basic EPS: 0.70 cents (2005: 25.30 cents)

Diluted EPS: 0.70 cents (2005: 25.30 cents)

## 4. Net tangible asset backing

	31 Dec 2006	30 June 2006	31 Dec 2005
Net tangible asset backing per ordinary security	\$0.98	\$0.97	\$1.36

## 5. Notes to the cash flow statement

### Reconciliation of cash and cash equivalents

	Consolidated	
	Half-year ended 31 Dec 2006	Half-year ended 31 Dec 2005
	\$'000	\$'000
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheets as follows:		
Cash and cash equivalents	20,529	13,551
Bank overdraft	-	(2,345)
	<u>20,529</u>	<u>11,206</u>

## 6. Subsequent Events

There has not been any other matter or circumstance that has arisen since the end of the reporting period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

## 7. Dividends

No dividends were paid or recognised within the half year period.

### (a) Distributions

Date the dividend is payable:	N/A
Record date to determine entitlements to the dividend:	N/A
If it is a final dividend, has it been declared?	N/A

A return of capital of 25 cents per share has been approved by members in general meeting subject to receipt of a ruling from the ATO that such a payment will not be deemed an unfranked dividend.

### (b) Amount per fully paid ordinary share

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Interim dividend:</b> Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A
<b>Final dividend:</b> Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

### (c) Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Ordinary securities	21,349,810	21,349,810	70	70

### (d) Franking credits

Total franking credits available as at 31 December 2006 are nil.

## 8. Segment reporting

For the half year ending 31 December 2006

### Segment Revenues

	External Sales		Inter-Segment		Other		Total	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Equipment Rental	-	19,447	-	504	-	1,019	-	20,970
<b>Total of all Segments</b>								
Eliminations							-	(504)
Unallocated							734	158
<b>Consolidated</b>							<b>734</b>	<b>20,624</b>

### Segment Results

	31 Dec 2006	31 Dec 2005
	\$'000	\$'000
Development capital	176	10,483
Equipment Rental	-	846
<b>Total of all Segments</b>	176	11,329
Unallocated	-	(4,321)
Eliminations	-	(571)
<b>Profit From Ordinary Activities before Income Tax Expense</b>	176	6,437
Income Tax (Expense) / Benefit relating to ordinary activities	(31)	(1,044)
<b>Net Profit</b>	<b>145</b>	<b>5,393</b>

**9. Material factors affecting the revenues and expenses of the consolidated entity for the current period**

The operating profit after tax attributable to members of the parent entity of \$145,000 for the half year ended 31 December 2006 compares to a profit of \$5,401,000 for the previous corresponding half-year ended 31 December 2005.

The major components of the current half year result are as follows:

- Following the sale of the balance of the investment assets, the primary source of funds now remaining is represented by interest from cash reserves which are invested in term deposits and interest bearing bank accounts. Interest received for the period totalled \$719,000.
- The manager's fee for the period totalled \$250,000 and is subject to re-negotiation beyond 1 January 2007.
- On going expenses primarily relate to professional services in regard to the ATO tax audit and other fees required to retain the Company listing under ASX and ASIC regulations.

**COMPLIANCE STATEMENT**

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

N/A
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2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on +accounts to which one of the following applies.

- |                          |   |                                     |   |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The +accounts have been audited.  | <input checked="" type="checkbox"/> | The +accounts have been subject to review.                  |
| <input type="checkbox"/> | The +accounts are in the process of being audited or subject to review. | <input type="checkbox"/>            | The +accounts have <i>not</i> yet been audited or reviewed. |

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available

6 The entity has a formally constituted audit committee.



Sign here: .  
(Company Secretary)

Date: ..18 January 2007.

Print name: Roland Stadly