
***Advent III Private
Equity Limited***

ACN: 082 863 769

*Financial Report for the half-year ended
31 December 2006*

ADVENT III PRIVATE EQUITY LIMITED

ACN 082 863 769

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ADVENT III PRIVATE EQUITY LIMITED

MANAGING DIRECTOR'S REPORT

Dear Shareholder

I am pleased to present this report on the operations of Advent III Private Equity Limited for the half-year ended 31 December 2006 and to advise of the progress in the development of the portfolio since 30 June 2006.

Details on the portfolio are contained on the following pages.

Operating Results

The Holding Company completed the half-year with a Net Profit after Tax of \$699,000 compared with a loss of \$113,000 for the half year ended 31 December 2005.

Asset Backing of the Company's Shares

Based on the current valuation methodology and excluding intangible assets, the net tangible asset backing of the Company's shares at 31 December 2006 was \$0.71 per share, compared to \$0.74 at 30 June 2006 and after the payment of a 5.56 cents per share dividend in December 2006.

Portfolio Progress

Details on the four investees held at 31 December 2006 are contained in the investee reports included herein.

Fund Distributions to date

To date the Fund has made the following distributions to Shareholders:

2004	Final Dividend – 4 cents per share fully franked – Paid 11/10/04	\$1,080,000
2005	Interim Dividend – 3 cents per share fully franked – Paid 11/10/04	\$810,000
2005	Return of Capital [Surplus funds] – 12 cents per share – Paid 8/12/04	\$3,240,000
2005	Interim Dividend – 32.4 cents per share partially franked – Paid 3/03/05	\$8,748,002
2005	Return of Capital [Sleepmaster] – 4.7 cents per share – Paid 4/04/05	\$1,269,000
2005	Interim Dividend, – 10.2 cents per share partially franked – Paid 22/07/05	\$2,754,001
2005	Return of capital ACIL – 8.7 cents per share – Paid 22/07/05	\$2,349,000
2006	Interim Dividend, – 18.8 cents per share partially franked – Paid 14/03/06	\$5,076,001
2006	Return of capital Taverner – 24.0 cents per share – Paid 14/03/06	\$6,480,001
2006	Interim dividend, - 5.56 cents per share - Paid 20/12/06	\$1,501,200
	Total Distributions to Date	<u>\$33,307,205</u>

These total distributions by the Fund represent the return of \$1.23 per share. Shares were initially issued by the company at \$1.00 per share.

The Manager/ Manager Incentive Payment

The Manager, Advent Private Capital Pty Ltd, continues to work on maximising the results of the investee divestment program. Their interests are directly aligned with those of our Shareholders. Apart from a management fee, the Manager is entitled to an Incentive Payment under the Management Agreement with Advent III Private Equity Limited based on the profitable divestment of portfolio investments.



Brian F. Ball
Managing Director
7 March 2007

ADVENT III PRIVATE EQUITY LIMITED

INVESTEE REPORTS

Securepay Holdings Pty Ltd

MELBOURNE, VICTORIA

Date of Investment: 29 March, 2000

Current Equity: 56.20% on a fully diluted basis

Amount Invested at 31 December 2006 – at cost:

Equity	\$4,099,994
Debt	\$ 147,964
Total:	\$4,247,958

History and Nature of Business

Securepay began development of an internet bill payments service in 1999. Securepay has continued to develop its secure payment gateway, which enables businesses, organisations and customers to secure payments via the internet and telephone through the use of credit cards. The gateway is currently capable of processing millions of transactions per month. It has high levels of encryption technology at a level used by the banks. It is not platform or operating system dependent.

All transactions take place in real time. It is able to be accessed very cheaply and easily. At present, ten banks have access to the system.

The related Infodial business was sold during the 2003 financial year and the proceeds were used to fund the development of the company.

After its difficult early years, the Securepay business has made significant progress over recent years. This was driven by the acquisitions of Esec, Direct One, Maxi and Camtech.

Current Status

SecurePay's budget for the 2007 financial year is to grow revenue by about 45% and EBIT by about 80%. It was ahead of budget at the 31st December 2006. This continues the strong growth trend. The 2006 year growth had been 41% in revenues and 332% in EBIT, from a small base.

The business continues to acquire major new customers and build its relationship with banks. It has more than doubled its IVR capacity over the past year and has rebuilt its entire processing environment providing much higher fail over protection. It completed the final repayment to buy out Cashcard in September 2006.

SecurePay is currently in the final stages of concluding an agreement to acquire a business which develops websites which are either customised or built from standard templates. It hosts web sites, develops and hosts shopping carts for websites and related services. This will enable SecurePay to provide a "one stop shop" service with its payment gateway to web-based merchants. It represents a further stage in development of the business.

SecurePay continues to review opportunities for further acquisitions in the payment gateway market. Acquisitions have been funded from debt but the cashflow is strong and the net debt leverage in the business is prudent, with a solid cash buffer.

After a difficult start the business valuation is now above cost and it is a solid platform to grow and expand its valuation. Timing of exit will be dependent on the speed with which it grows over the next year.

Global Food Equipment Pty Ltd (previously OBS Equipment Pty Ltd)

MELBOURNE, VICTORIA

Date of Investment: 8 November 2002

Current Equity: 11.13%

Amount Invested at 31 December 2006 - at cost:

Equity	\$2,991,625
Debt	\$ 307,875
Total:	\$3,299,500

History and Nature of Business

Global Food Equipment is the Australian leader in food equipment solutions. It distributes a range of imported products to the bakery, meat and hospitality sectors of the food service industry as well as to food processors. In addition, the company manufactures its own range of products.

Global sells its food machinery range to leading Australasian food chains, supermarkets, restaurants and health care establishments. Its head office is located in Sydney and it has a total of 11 offices located throughout Australia and New Zealand. Products are supported by a team of more than 75 technicians, along with spare parts back up.

Advent first invested in the Global business in November 2002, funding a management buyout led by the company's senior executives. Since then, Global has concluded a number of acquisitions (mainly smaller service and distribution businesses), the most significant being Curtin Global Food Equipment, which was completed in November 2004.

The purchase of the Curtin business bolstered Global's capabilities in the hospitality and quick service restaurant markets and significantly expanded the company's product range and sales force. Curtin's unique strength lay in selling and distributing agency products to the food service industry (restaurants, hotels etc.) as well as the health and aged-care industries. Curtin had strong market coverage in Australia and New Zealand and it managed its customer base directly as well as through the dealer channel.

Current Status

The completion of a substantial number of acquisitions in rapid succession led to a significant increase in the size and complexity of the Global business. At the same time as these companies were purchased, Global also gained significant new service business with the leading supermarket chains. However, it progressively became clear that the incumbent Global management team, while operationally strong, lacked the experience and skills to manage the expanded operations of the company. Cost management was poor, systems were inadequate and the new acquisitions were not being properly integrated with the O.B.S. business platform. Global also lost several important agencies. Consequently, Global's financial performance deteriorated; sales declined against budget and placed working capital under pressure. This culminated in a \$1.5 million capital raising in April 2006.

As a result of this unsatisfactory trend, in April 2006 the company's board of directors reached a decision to recruit a new chief executive officer. The new CEO, David Cullen, has a senior management background, gained in distribution businesses in the IT and industrial products industries.

Firstly, in August 2006, additional capital was raised in the form of a \$1.5 million loan provided by the founding shareholder Whitmoro (and guaranteed by the other major shareholders). Subsequently, in October 2006 a further \$2.0 million loan was provided to the company by the Advent IV Fund (guaranteed by the other major shareholders).

Since taking charge, David Cullen recorded a number of achievements. He has successfully crafted a robust platform for regrowth of the Global business (under extremely difficult conditions). This has been achieved by:

Global Food Equipment Pty Ltd (previously OBS Equipment Pty Ltd) (Cont.)

Current Status (cont.)

- putting a first class management team in place, especially in the key areas of finance and operations;
- identifying the inadequate integration of acquisitions;
- cost-effectively rebuilding the management information systems in the business, which were revealed to be completely unsatisfactory;
- restoring relationships with the key overseas suppliers, including reducing overseas creditors and re-establishing acceptable credit terms;
- stabilising the customer base, revenue and gross margins;
- reducing excess stock; and
- reining in overdue debtors.

Unfortunately, management was unable either to arrest the short term cash losses in the business quickly enough nor to cull underperforming areas. Weak trading performance compounded these difficulties and exacerbated the cash flow shortage. As a result, the company required an additional \$2 million in equity capital from shareholders to underpin the business turnaround. These funds were provided at the end of December 2006. This recapitalisation took place in tandem with agreement from the bank to defer principal repayments. The shareholder loans provided in the second half of last year have also been converted to equity.

Management has now completed a plan to stabilise the business, which significantly reduced the monthly breakeven. The plan involved a number of redundancies along with consolidation of premises (partially completed).

Since November 2006, the performance of the business has improved; sales and margins have been much stronger.

Plantmark Holdings Pty Ltd

MELBOURNE, VICTORIA

Date of Investment: 4 March 2004

Current Equity: 12.16%

Amount invested at 31 December 2006 - at cost:

Equity	\$1,528,199
Debt	\$ 150,000
Total:	\$1,678,199

Plantmark Holdings Pty Ltd (cont.)

History and Nature of Business

Plantmark is the largest supplier of wholesale horticultural nursery produce in Australia, with four market operations covering Victoria, NSW and SA, a direct sales business and a production nursery. Customers include landscapers, councils, developers and retail nurseries. The "greenlife" produce sold by Plantmark is supplied by a large number of premium growers located in the regions surrounding the markets. The wholesale cash and carry market is named "Plantmark Select", the direct sales area is named "Plantmark Direct" and the production nursery is named "Total Plant Solutions" (TPS). Since the buyin/buyout, Plantmark has entered the revegetation and erosion control markets through an acquisition of Treemax.

The acquisition of Plantmark was structured as a management buyin/buyout with both outside and existing management investing in the business. The purchase price for the business was approximately \$15 million, with approximately \$9 million funded by debt and the remainder funded by equity and mezzanine debt contributed by management and Advent's funds.

Plantmark is expanding its operations organically and by acquisition. Over the past two years it has acquired Grocraft, Potters Tubes, Treemax, and Fertool.

Current Status

Results for June to November 2006 were satisfactory in the face of one of Australia's harshest droughts. However, in December, even dryer conditions and the announcement of the introduction of tighter water restrictions resulted in difficult trading conditions.

Cost savings are being achieved in most areas of the business with annualised savings now running at about \$1m p.a. At this stage we consider that most of the staff that have been lost are replaceable when the market improves.

The Australian Bureau of Meteorology's computer models that are based on monitoring sea temperature data are predicting a "decay of El Nino conditions in the first half of 2007". Private weather forecasters are predicting good rains from March 2006.

Whilst the drought may break this year, it is uncertain as to what impact this will have on the horticulture industry. Reservoirs will still be at a relatively low level and water restrictions may stay in force for another year. On a positive note, many plants have died in the drought and this should give rise to significant replacement planting.

We consider that the business is being well managed in an extremely difficult trading environment. It is well positioned to quickly recover from the relaxation of water restrictions once the drought ends.

Regency Media Pty Ltd

MELBOURNE, VICTORIA

Date of Investment: 8 November 2000

Current Equity: 31.81%

Amount invested at 31 December 2006 - at cost:

Equity	\$3,999,269
Debt	Nil
Total:	\$3,999,269

Regency Media Pty Ltd (cont.)

History and Nature of Business

Regency is an established manufacturer and replicator of cassette and compact discs. The company acquired and installed a state of the art digital versatile disc ("DVD") replicator line with advanced glass mastering and automated offset printing. This was commissioned in April 2001. Advent III provided the equity component of a total funding package of approximately \$10 million for this facility. Subsequently, further DVD lines and associated automated packaging and extra printing capacity were added.

The joint venture between Regency Recordings and AAV's DVD, VHS and associated distribution logistics businesses became effective on 1 July 2003. The objective of the joint venture was to attain a size which challenged Technicolor in Australia in terms of production capacity across DVD, VHS, CD and cassette for the leadership in the industry. This has been achieved. At 30 June 2005 Advent III held an effective 15.59% interest in AAV Regency Pty Ltd. Fiona Horman, the founder of Regency Recording is the Managing Director of AAV Regency.

In February 2006 Regency entered into a contract to purchase AAV's 51% share in the AAVR JV and this was settled on 30 June 2006. The deal was fully funded by bank debt

Current Status

Dividends were temporarily suspended following the debt funded purchase of AAV's share of the JV. However, in the July-December 2006 period Regency repaid \$10m in bank debt and is now conservatively leveraged; it will recommence dividend payments from January 2007. The Manager is assisting the company review its strategic options for growth in a changing market for optical media, including a possible JV in India and exit options for our shares.

The company has traded strongly during the 6 months ended 31 December 2006, with a trading profit for the period 20% ahead of budget, driven by better DVD volumes. It's USA DVD volumes were 14% higher in 2006 compared with 2005. Management believes that this is as a result of generally better titles of new film releases. The market for DVDs is now at a mature stage and competition continues between Blue-Ray and HD DVD as the successful replacement technology for packaged media in the home entertainment industry. Regency management is closely tracking developments and at the appropriate time will install new equipment to meet customer requirements for the format which is ultimately successful. This is likely to occur in late 2007.

ADVENT III PRIVATE EQUITY LIMITED

DIRECTORS' REPORT

The Directors of Advent III Private Equity Limited submit herewith the financial report for the half-year ended 31 December 2006. In order to comply with the provisions of the Corporations Act, the directors report as follows:

The names of the directors of the Company during or since the half-year ended 31 December 2006 are:

Mr John P. Shergold (Retired 29/11/2006)
Mr Rupert A. Harrington
Mr Jon D. Schahinger

Mr Brian F. Ball
Mr Grant S. Ross
Mr Jon M Spensley (alternate for Mr Ross)

The above named directors held office during and since the end of the half-year except Mr Shergold, who retired on 29 November 2006.

Review of Operations

The Managing Director's Report should be read as forming part of the Directors' Report.

Independence Declaration

The auditor's independence declaration is included on page 9 of the financial report.

Rounding Off of Amounts

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 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 Section 306(3) of the Corporations Act 2001.

On behalf of the Directors



Jon D Schahinger
Director

Melbourne
7 March 2007

7 March 2007

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

Dear Board Members

Advent III Private Equity 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 III Private Equity Limited.

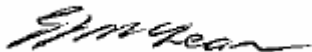
As lead partner for the review of the financial statements of Advent III Private Equity Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



G J McLean
Partner
Chartered Accountants

ADVENT III PRIVATE EQUITY LIMITED

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 give a true and fair view of the financial position and performance of the company and consolidated entity.

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

On behalf of the Directors



Brian F. Ball
Director

Melbourne
7 March 2007

Independent Auditor's Review Report to the members of Advent III Private Equity Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Advent III Private Equity Limited (the company), 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.

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 III Private Equity 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.

Deloitte.

Auditor's Independence Declaration

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

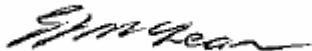
Conclusion

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 III Private Equity 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



G J McLean
Partner
Chartered Accountants
Melbourne, 7 March 2007

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

ADVENT III PRIVATE EQUITY LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	<u>Consolidated</u>		<u>Company</u>	
	<u>Half-Year Ended 31-Dec-06 \$'000</u>	<u>Half-Year Ended 31-Dec-05 \$'000</u>	<u>Half-Year Ended 31-Dec-06 \$'000</u>	<u>Half-Year Ended 31-Dec-05 \$'000</u>
Revenue	2,971	2,729	168	955
(Diminution) / reversal in value of Investments	1,448	(2,433)	1,448	(1,552)
Direct expense	(1,039)	(568)	-	-
Employee benefits expense	(521)	(470)	-	-
Directors Fees	(33)	(45)	(33)	(45)
Management fees and payments	(598)	(43)	(598)	(43)
Depreciation and amortisation expense	(13)	(32)	-	-
Insurance	(75)	(41)	(34)	(48)
Finance costs	(173)	(35)	(1)	(1)
Change in non-interest bearing loan's fair valuation during the year	68	-	-	-
Advertising	(43)	(25)	-	-
Rent	(93)	(55)	-	-
Other (expenses)/ income from ordinary activities	(309)	256	(86)	413
Profit/(Loss) before Income Tax Expense	1,590	(762)	864	(321)
Income tax (expense)/ benefit	(371)	208	(165)	208
Profit/(Loss) from continuing operations	1,219	(554)	699	(113)
Profit/ (Loss) from discontinued operations	-	-	-	-
Profit/ (Loss) for the period	1,219	(554)	699	(113)
Profit attributable to minority interest	(187)	-	-	-
Profit/(Loss) Attributable to Members of the Parent Entity	1,032	(554)	699	(113)
Earnings per share:				
Basic (cents per share)	3.82	(2.05)	2.59	(0.42)
Diluted (cents per share)	3.82	(2.05)	2.59	(0.42)
Earnings per share from continuing operations				
Basic (cents per share)	3.82	(2.05)	2.59	(0.42)
Diluted (cents per share)	3.82	(2.05)	2.59	(0.42)

Notes to the financial statements are included on page 17-20

ADVENT III PRIVATE EQUITY LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Consolidated		Company	
	31-Dec 2006 \$'000	30-Jun 2006 \$'000	31-Dec 2006 \$'000	30-Jun 2006 \$'000
Current Assets				
Cash and cash equivalents	2,853	6,200	2,180	5,469
Trade and other receivables	1,349	1,297	590	761
Other financial assets	14,739	12,599	19,235	17,095
Other	214	305	14	48
Total Current Assets	19,155	20,401	22,019	23,373
Non-Current Assets				
Trade and other receivables	604	290	588	276
Property, plant and equipment	862	726	-	-
Goodwill	6,787	6,738	-	-
Other intangible assets	-	6	-	-
Deferred tax assets	271	479	3	5
Total Non-Current Assets	8,524	8,239	591	281
Total Assets	27,679	28,640	22,610	23,654
Current Liabilities				
Trade and other payables	726	1,340	45	27
Borrowings	-	75	-	-
Current tax payables	-	683	-	683
Provisions	2,936	2,615	2,715	2,467
Total Current Liabilities	3,662	4,713	2,760	3,177
Non-Current Liabilities				
Trade and other payables	100	100	-	-
Borrowings	4,526	4,204	-	-
Deferred tax liabilities	603	428	603	428
Provisions	-	65	-	-
Total Non-Current Liabilities	5,229	4,797	603	428
Total Liabilities	8,891	9,510	3,363	3,605
Net Assets	18,788	19,130	19,247	20,049
Equity				
Issued Capital	12,201	12,201	12,201	12,201
Retained earnings	6,165	6,849	7,046	7,848
	18,366	19,050	19,247	20,049
Parent entity interest	18,366	19,050	19,247	20,049
Minority interest	422	80	-	-
Total Equity	18,788	19,130	19,247	20,049

Notes to the financial statements are included on page 17-20

ADVENT III PRIVATE EQUITY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	<u>Consolidated</u>		<u>Company</u>	
	<u>Half-Year Ended 31-Dec-06</u>	<u>Half-Year Ended 31-Dec-05</u>	<u>Half-Year Ended 31-Dec-06</u>	<u>Half-Year Ended 31-Dec-05</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Issued Capital</u>				
Issued capital at the beginning of the period	12,201	21,030	12,201	21,030
Repayment of Issued capital during the current period	-	(2,349)	-	(2,349)
Total Issued Share Capital	12,201	18,681	12,201	18,681
<u>Retained Earnings</u>				
Retained earnings at the beginning of the period	6,849	12,933	7,848	12,933
Net profit/ (loss) attributable to members of the parent entity	1,032	(554)	699	(113)
Loss on gaining control of Securepay Holdings Pty Ltd recognised directly in retained earnings during the period.	-	(826)	-	-
Minority interest's share of losses of Securepay Holdings Pty Ltd upon change in holding	(215)	(683)	-	-
Dividends	(1,501)	(2,754)	(1,501)	(2,754)
Retained earnings at the end of the period	6,165	8,116	7,046	10,066
Profit/ (loss) for the period	1,032	(554)	699	(113)
Total income/(expense) for the period	1,032	(554)	699	(113)
Attributable to:				
Equity holders of the parent	1,032	(554)	699	(113)
Minority interests	187	-	-	-
	1,219	(554)	699	(113)

Notes to the financial statements are included on page 17-20

ADVENT III PRIVATE EQUITY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	<u>Consolidated</u>		<u>Company</u>	
	<u>Half-Year Ended 31-Dec-06 \$'000</u>	<u>Half-Year Ended 31-Dec-05 \$'000</u>	<u>Half-Year Ended 31-Dec-06 \$'000</u>	<u>Half-Year Ended 31-Dec-05 \$'000</u>
<i>Cash Flows From Operating Activities</i>				
Receipts from customers	2,669	1,808	-	-
Payments to suppliers and employees	(2,361)	(3,210)	(477)	(1,685)
Interest received	166	178	155	167
Dividends received	-	636	-	636
Interest and other costs of finance paid	(189)	(24)	(1)	(1)
Income tax paid	(671)	-	(671)	-
Net cash used in operating activities	<u>(386)</u>	<u>(612)</u>	<u>(994)</u>	<u>(883)</u>
<i>Cash Flows From Investing Activities</i>				
Proceeds on sale of investment securities	196	6,658	196	6,658
Proceeds from sale of business	-	-	-	-
Payment for investment securities	(692)	-	(692)	(634)
Payment for property, plant and equipment	(269)	(57)	-	-
Payment for intangible assets	-	(1,326)	-	-
Amounts advanced to related parties	(308)	(120)	(308)	(32)
Payments for other non-current assets	(44)	(33)	-	-
Net cash provided by/(used in) investing activities	<u>(1,117)</u>	<u>5,122</u>	<u>(804)</u>	<u>5,992</u>
<i>Cash Flows From Financing Activities</i>				
Proceeds from borrowings	375	1,600	-	-
Repayment of borrowings	(728)	(1,200)	-	-
Dividends Paid	(1,491)	(2,754)	(1,491)	(2,754)
Repayment of issued capital	-	(2,349)	-	(2,349)
Payment for hire purchase agreements	-	(21)	-	-
Net cash used in financing activities	<u>(1,844)</u>	<u>(4,724)</u>	<u>(1,491)</u>	<u>(5,103)</u>
<i>Net Increase (Decrease) In Cash Held</i>	(3,347)	(214)	(3,289)	6
<i>Cash At The Beginning Of The Period</i>	6,200	4,512	5,469	4,512
Cash acquired	-	548	-	-
<i>Cash At The End Of The Period</i>	<u>2,853</u>	<u>4,846</u>	<u>2,180</u>	<u>4,518</u>

Notes to the financial statements are included on page 17-20

ADVENT III PRIVATE EQUITY LIMITED

NOTES TO THE CONDENSED CONSOLIDATED 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.

2. CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

Name of businesses acquired	Principal activity	Date of acquisition	Cost of acquisition
31 December 2006			\$'000
Nil			Nil
			Nil
31 December 2005			\$'000
Securepay Holdings Pty Ltd	Secure Internet Transactions	1 July 2005	Nil
			Nil

ADVENT III PRIVATE EQUITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

3. NOTES TO THE STATEMENT OF CASHFLOWS

Business Acquisition by Securepay

During the half year to 31 December 2005, a business was acquired. Details of the acquisition are as follows

	Consolidated	
	Half-year ended 30 Dec 2006 \$'000	Half-year ended 31 Dec 2005 \$'000
Consideration		
Cash and cash equivalents	-	-
	-	-
Fair value of net assets acquired		
Current assets		
Cash and cash equivalents	-	548
Receivables	-	231
Other current assets	-	103
Non current assets		
Property, rental assets, plant and equipment	-	326
Current liabilities		
Payables	-	(320)
Interest bearing liabilities	-	(26)
Unearned income	-	(190)
Provisions	-	(104)
Non current liabilities		
Payables	-	(2,135)
Interest bearing liabilities	-	(80)
Provisions	-	(31)
Net assets of acquiree	-	(1,678)
Share of fair value of assets obtained upon control (59.34%)	-	(995)
Goodwill on acquisition at previous dates of exchange	-	3,184
Share of losses of Securepay Holdings Pty Ltd previously recognised by Advent III Private Equity Limited arising from original investment	-	485
Loss on gaining control recognised directly in retained earnings on consolidation	-	826
Total Consideration	-	3,500

ADVENT III PRIVATE EQUITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

3. Notes to the statement of cashflows (cont)

	Consolidated	
	Half-year ended 30 Dec 2006	Half-year ended 31 Dec 2005
	\$'000	\$'000
Purchase consideration occurring in prior periods	-	(3,500)
Consideration for the period ended 31 December	-	-
Net cash outflow on acquisition		
Cash and cash equivalents consideration	-	-
Less cash and cash equivalent balances acquired	-	-
	-	-

4. SEGMENT INFORMATION

Segment Revenues

	External Sales		Inter-Segment		Other		Total	
	31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05	31-Dec-06	31-Dec-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Development Capital	-	-	-	-	168	955	168	955
Secure internet transactions	2,803	1,774	-	-	-	-	2,803	1,774
Total of all Segments							2,971	2,729
Eliminations							-	-
Consolidated Revenue							2,971	2,729

Segment Results

	31-Dec-06	31-Dec-05
	\$'000	\$'000
Development capital	864	(284)
Secure internet transactions	663	413
Total of all Segments	1,527	129
Unallocated	-	(35)
Eliminations	63	(856)
Profit/(Loss) From Ordinary Activities before Income Tax Expense	1,590	(762)
Income Tax Benefit/(Expense) relating to ordinary activities	(371)	208
Net Profit/(Loss)	1,219	(554)

ADVENT III PRIVATE EQUITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

5. DIVIDENDS

	<u>Half-year ended 31 Dec 2006</u>		<u>Half-year ended 31 Dec 2005</u>	
	<u>Cents per share</u>	<u>Total \$'000</u>	<u>Cents per share</u>	<u>Total \$'000</u>
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend	5.56	1,501	18.9	5,103
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim dividend	-	-	-	-

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.

ADVENT III PRIVATE EQUITY LIMITED

ACN 082 863 769

CORPORATE DIRECTORY

DIRECTORS

Jon D. Schahinger
Chairman

Brian F. Ball
Managing Director

Grant S. Ross

Rupert A. Harrington

Jon M Spensley (alternate)

***CHIEF FINANCIAL OFFICER /
COMPANY SECRETARY***

Roland J Stadly

MANAGER

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Chartered Accountants
Level 14, QV Building
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Melbourne Victoria 3000

SOLICITORS

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459 Collins Street
Melbourne Victoria 3000

BANKERS

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Western Branch
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Melbourne Victoria 3000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067