

Allco Equity Partners Limited

31 December 2006 Half Year Review

14 February 2007

Allco Equity Partners



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31 December 2006 Half Year Financial Results

	Consolidated	Consolidated
	31/12/2006	31/12/2005
Revenue (\$m)		
- Sales	31.4	-
- Interest income (excl. AIFRS impact)	5.9	2.9
- AIFRS generated interest income	6.4	12.7
- Dividends	3.1	3.1
- Other	1.0	-
TOTAL REVENUE	<u>47.8</u>	<u>18.7</u>
Earnings before financing costs, depreciation, amortisation and tax (\$m)	<u>26.7</u>	<u>15.8</u>
Earnings before financing costs and tax (\$m)	<u>20.0</u>	<u>15.8</u>
Net earnings before tax (\$m)	<u>14.2</u>	<u>14.4</u>
Earnings per share, including AIFRS interest impact		
- Basic and diluted	12.5 cents	14.5 cents
Underlying earnings per share	6.3 cents	2.1 cents
Dividend declared, fully franked	3.0 cents per share	-
Net assets per share after tax ¹	\$5.46 per share	\$3.65 per share
Net tangible assets per share ¹	\$4.16 per share	\$3.65 per share

¹ Shares fully paid to \$6.00 at 31 December 2006 (partly paid to \$4.00 at 31 December 2005)

Dividend

- Interim dividend declared
- 3.0 cents per share, fully franked
- Record date – 2 March 2007
- Payment date – 16 March 2007
- Dividend reinvestment plan not activated
- Nature of activities means a regular dividend is not expected to be paid

Net Assets per Share at 31 December 2006

	\$ per AEPL Share
Cash and cash equivalents	3.14
Investments in marketable securities, at market value	1.15
Signature Security Group consolidated net assets before debt funding	1.36
Trans Tasman Collections	0.40
Other AEPL net assets	<u>0.37</u>
	6.42
Less Signature Security Group net debt funding ¹	<u>(0.96)</u>
Net Assets per Share	<u>5.46</u>
Less intangible assets and goodwill ²	(1.30)
Net Tangible Assets per Share	<u><u>4.16</u></u>

Notes

1: Signature Security Group debt funding is non-recourse to AEP

2: Arising primarily from the acquisition of Signature Security Group

Signature Security Group

Business Description

Supplier of electronic security services in Australia and New Zealand. Services include the installation, monitoring, sale and leasing of electronic security equipment to residential and commercial customers. Approximately 18% market share in Australia

Acquired

January 2006

Ownership

94%. Balance held by management

Enterprise Value at acquisition, excl. costs

\$138 million

Equity Cost

\$40 million

Funding Facilities

\$105 million limited recourse acquisition facility and mezzanine debt facility. Recourse only to Signature Security Group

Additional committed, limited recourse capital expenditure and working capital facilities available

Financial Contribution

- Revenue
- Earnings before financing costs, depreciation, amortisation and tax
- Earnings before financing costs and tax
- Cash flow from operating and investing activities

	6 months to 31/12/2006	12 months to 31/12/2006 Proforma
	\$31.6m	\$62.5m
	\$11.7m	\$24.5m
	\$5.0m	\$9.4m
	\$4.7m	\$12.9m

Strategy

Grow business through dealer line and business acquisitions

Trans Tasman Collections

Business Description	Receivables management and integrated debt recovery services in Australia and New Zealand. Owns Baycorp Collection Services and Portfolio Management Group.
Acquisition Completed	30 June 2006
Ownership	50% joint venture with DB Capital Partners client fund. Equity accounted investment
Enterprise Value excluding costs (100%)	\$112 million
Initial Equity Cost	\$32.5 million
Equity Accounted Investment Carrying Value	\$35.6 million
Shareholder Loan	\$5.2 million
Equity Accounted Profit Contribution ¹	\$451,000
Funding Facilities	\$75 million revolving and senior term facilities. No recourse to AEP.
Strategy	Grow business through acquisition of debt ledgers and expanding customer base

1: Net of non-recurring costs associated with acquisition of BCS and PMG

Veda Advantage Limited

Business Description	Major provider of business and information services in Australia and New Zealand. Listed on ASX and NZX.
Acquired	August 2005
Ownership	17.3%
Cost of Acquisition net of capital returns received	\$104.5m
Financial Contribution this period	
Dividends received, fully franked	\$3.1 million
Post acquisition developments	<ul style="list-style-type: none">- Board seat obtained- Separation of BCS completed by Veda- Capital management initiatives undertaken by Veda directors- Veda directors announced possible offer for shares by private equity consortium in January 2007. AEP is monitoring developments

Airline Partners Australia

Transaction Status

- Airline Partners Australia has made an offer for the outstanding shares in Qantas
- Unanimously recommended by Qantas Board in the absence of a superior offer
- AEP to invest approximately \$956 million in Airline Partners Australia
- AEP the largest shareholder in Airline Partners Australia with a 26.9% economic interest and 35% voting interest
- Formal offer period now commenced
- Offer closes 9 March 2007 unless extended or withdrawn

Airline Partners Australia

Investment Rationale

- Meets AEP investment criteria
 - iconic Australian business
 - leading market position
 - strong cash flow
 - growth prospects
- Co-investing with
 - proven and respected management team
 - highly experienced investors with aviation expertise

Airline Partners Australia

Transaction Funding

- Forecast investment cost of \$956 million plus advisory and acquisition costs
- Funded from existing cash reserves and proposed \$682 million capital raising
- Proposed capital raising
 - fully renounceable entitlements offer
 - underwritten by Credit Suisse (Australia) Limited and Macquarie Equity Capital Markets Limited
 - will only proceed if offer for Qantas is declared or becomes unconditional
 - expected to be known by March/April 2007
- Terms of proposed capital raising
 - still being finalised
 - may include placement component
 - expected to be priced at discount to theoretical ex-rights price (TERP)
 - TERP calculated off share price prior to launch of capital raising
 - structured as a RAPIDS issue
 - AFG, LJCB and associates have agreed to renounce entitlements (approx. \$270m)

A disclosure document for the offer of shares in Allco Equity Partners Limited ("Shares") will be made available when Shares are offered. Anyone who wishes to acquire Shares will need to complete the application form that will be in or will accompany the disclosure document

Capital Management

- Available cash
 - \$320 million at 31 December
 - conservative cash management strategies
 - funds placed on interest bearing deposit
 - preserve for use in transactions
- Debt
 - look at on a transaction basis
 - facilities arranged to date
 - ◆ recourse to underlying investments
 - ◆ limited or no recourse to AEP

Extraordinary General Meeting to be held on 6 March 2007

- Consider proposed amendments to AEP Constitution
- Restrict foreign ownership in AEP while the Company has a direct or indirect interest in Qantas
- To ensure Qantas foreign ownership restrictions continue to be met
- Contractual obligations to APA consortium members regarding level of foreign ownership in AEP
- Full details in Notice of Meeting despatched to shareholders