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BLUEPEAK VENTURE CAPITAL TECHNOLOGY FUND

MARCH 2008

Performance Summary

During the quarter the outlook for the Fund's investment portfolio, managed by Allen & Buckeridge Asset Management Limited (A&B), continued to be positive, despite the recent deterioration in global equity markets. The fair market values for eChoice, eKit, Wishlist and Sententia have been adjusted to reflect the decline in the ASX Small Ordinaries index during the quarter and the valuations of NetStar and Fultec were significantly reduced as trade sales of part or all of the assets of these companies are expected in the next quarter. The main focus of the Investment Manager is to realise the remaining investments during the next 2-3 years.

Context

In reviewing the performance of the Fund it is important to keep its results to date in context:

- A total of \$23m was raised in the BluePeak Fund that was applied to a \$132m co-investing pool including \$105m from the wholesale Allen & Buckeridge III Trust and \$4m from the Allen & Buckeridge Venture Partners Fund;
- It is now 8 years since the first closing in March 2000. The Fund runs until October 2010.
- Of the original investments 3 have been sold, 2 are in sale process and 2 fully provided for. 8 are currently being actively managed by A&B. Of these, 2 promise potentially strong returns, 4 should return at least cost, and 2 will each partially return invested capital. Vintela Inc has been sold for a 5x return and the proceeds from the sale have been distributed; AGN International has been sold for a loss, returning 25% of capital, and Hitwise was sold for a 12x return on cost.
- RBN is under offer and should be sold for a small return (0.1 on cost) during Q4 FY08.
- Netstar Group is likely to be sold within the next three months following an offer by a large trade buyer which will lead to a poor return (0.3 on cost).
- AGN (renamed Millenium IP) will commence trading by mid year.
- The Australian unit of Communicator Interactive was sold to BlueFreeway Limited in September 2007. The Fund has received \$209k cash and 142,672 BlueFreeway shares as its share of the total consideration. Most of these shares were sold before the recent market collapse. The proceeds from the sales to date have been returned to the Fund.
- All of the remaining uncalled capital is reserved for follow-on financing requirements and to meet operational costs.

Quarter Highlights and Investment Exit Plans

- ✓ **Sententia:** The Company is focused on three strategies to build value and potentially lead to a means of liquidation of the Fund's investment. These strategies include building a stronger relationship with Telstra, extending the Company's product line and developing and marketing a new management console related to storage applications. A&B aims to realize its investment in FY09
- ✓ **NextGen Gaming:** NextGen Gaming is progressing well as "the worlds leading independent developer of digital games for the international gaming industry." A highly profitable business model is emerging as the company migrates from its "work for hire" activity to one based on an uncapped non exclusive catalogue of NGG owned games. The directors have reconfirmed their plan for a listing as a route to liquidity in 2009, but first will place a mix of new equity and debt by mid 2008, to fund inorganic growth (at least 2 acquisitions before the end of 2008). An IPO would then be undertaken without requiring further external capital. This would provide a sell down opportunity at that point for the Fund if attractively priced.

- ✓ **eChoice:** eChoice has assessed trade sale options following an unsolicited approach by an interested party in October 2007. A&B view is that a sale at fair market value may not be achievable for the time being so the focus for CY08 will be to increase profitability along with revenue growth. Conversations continue with the party who expressed interest in October 2007.
- ✓ **Fultec Semiconductor:** Despite gaining numerous design wins and engineering plaudits for its designs and performance, Fultec has met resistance to gaining purchase orders at its price targets to support its plan for US\$8m revenues in CY08, current forecast is around US\$5m. A Silicon Valley based advisor is managing a process to determine whether a trade sale of Fultec's circuit protection assets would produce a better result than continued funding by its VC investors. A result will be known by June 2008. If part of the assets are sold, it is likely that part of the proceeds will be retained by the company to fund the technical and market development of Fultec's promising power FET technology.
- ✓ **eKit.com:** The Company continues to grow despite March 2008 financial results being slightly behind plan. The Manx Telecom partnership continues to proceed very satisfactorily. The key value creating task during the next 12 months is to reposition eKit from a telecommunications reseller to a provider of online information and applications for travellers. If this can be done in 2008 then a valuable trade sale by late 2009 is a reasonable aspiration.
- ✓ **Communicator (t/a Safari Sundays):** The remaining business unit, in New York, is trading profitably in its first year of operation. This Company must work quickly to build value in the short to medium term with the goal of being sold to a trade buyer in the next 1-2 years.
- ✓ **AGN:** Australian Gigahertz Network has been renamed and is launching a joint venture with a prominent corporate group in the Philippines. It will offer mobile virtual network operator services to customers of more than 80 retail malls throughout the country. The JV will be operated to distribute cashflow each year to its two partners, such that AGN has a route to retrieve capital within 3 years.
- ✓ **Wishlist Holdings:** First quarter FY08 performance is on track with revenue above budget. Directors have appointed an advisor who is working with management to assess acquisition opportunities to accelerate growth and to prepare the company for a listing or trade sale in late 2009. Enterprise value greater than \$50m will be required for this plan to be viable. This would deliver a 1.5 times cost return to the Fund.

Unit Valuation: The Fund has now returned to investors in cash by way of dividend, trust distributions and return of capital a total of \$0.65 for each \$1 invested under the Prospectus ie \$3,250 for each \$5,000 investment. Based on this, the current valuation of the remaining investments, currency fluctuations and overheads over the last quarter a **Stapled Security is valued at \$0.182 as at 31 March 2008.**

A copy of this report is available on our website www.huntleygroup.com.au

Past performance is not a guide to future performance. Any view of the Investment Manager, Allen & Buckeridge, regarding the future performance of the Trust is based on its current market assumptions and is not a guarantee of future performance. The BluePeak Venture Capital Technology Trust is closed to new investments.

Any information contained in this publication has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. We also recommend that you seek independent legal and financial advice before making any decision about your investment in the Trust. The disclosure document, provided to you prior to investing in the Trust will contain information about the Trust and will usually include the costs associated with the Trust and details of their fees and charges, which may apply, including any commissions to third parties.

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