

Commentary on Results

Commentary:

The directors of CVC report a net profit to shareholders after tax of \$9.1 million (2011: \$10.2 million) for the year ended June 30, 2012.

Financial Highlights:

The result is summarised as follows:

- Profit before tax of \$12.3 million (2011: \$15.2 million);
- Net profit after tax of \$9.1 million (2011: \$10.2 million); and
- Earnings per share of 7 cents (2011: 8 cents);
- Net tangible assets per share of \$1.30 (2011: \$1.26);
- Fully franked dividends paid of 2 cents per share on March 1, 2012 and 3 cents on September 9, 2011 and the declaration of a final fully franked dividend of 3 cents per share payable on September 7, 2012; and
- 4,751,633 shares bought back at a cost of \$4.2 million at an average price per share of \$0.88.

Listed Investments:

During the financial year the ASX listed Cellnet Group Limited (ASX: CLT) (a distributor of mobile and IT technology to the reseller community) became a consolidated entity of CVC and as such any movement in the share price is no longer reflected in the results of CVC.

CVC sold its investments in Pro-Pac Packaging Limited and Dolomatrix International Limited during the financial year. The net profit arising from Pro-Pac Packaging Limited was \$9.3 million and Dolomatrix International Limited was \$2.3 million. CVC has been selling its shareholding in Silver Bird Group Bhd and after raising an impairment charge against the remaining shareholding a loss was recognised of \$4.2 million.

Distributions received from various investments during the financial year amounted to \$2.2 million.

An additional reduction in the carrying value of investments during the financial year amounted to \$10.5 million to reflect the prevailing share price which included impairment charges recognised against Cellnet Group Limited prior to it becoming a consolidated entity of \$1.7 million, Bionomics Limited of \$2.2 million, Villa World Limited of \$2.4 million, Mnet Group Limited of \$0.8 million and Cyclopharm Limited of \$0.6 million.

Private Equity:

The contribution to comprehensive income of \$4.0 million is a direct reflection on the consistent results of Greens Food Pty Limited and Ron Finemore Transport Pty Limited. These robust results have been generated in the face of a fall in consumer spending, tougher competition in the retail market and a rising Australian dollar.

During the period Battery Energy Power Solutions Pty Limited (an industrial battery manufacturer) became a consolidated entity of CVC, and it is expected that it will add to the growing returns being generated by private equity investments.

Property:

Property contributed \$6.3 million to comprehensive income which included interest related income generated from the provision of mezzanine funding of \$8.6 million, net rental income after interest related expense of \$2.6 million and a \$2.2 million profit arising from the sale of Unit 2, 1464 Ferntree Gully Victoria which was sold for \$31.5 million in November 2011. However, this result was overshadowed by the reduction in the fair value of directly held property assets of \$6.3 million, including investment properties located at Belrose and Frenchs Forest in New South Wales.



CVC continues to take advantage of tighter lending policies imposed by the major financial institutions on property developments.

Funds Management:

The contribution to comprehensive income of this segment was \$1.0 million which has been a result of one of the many benefits derived from the wind-up of various investment vehicles managed by CVC.

Concise Asset Management Limited (Mid Cap Australian Equities Specialist) continues to grow funds under management and is expected to provide a positive impact on the results in coming years.

Dividends:

During the year the Company paid an interim fully franked dividend of 2 cents per share on March 1, 2012 and has declared a fully franked final dividend of 3 cents per share payable on September 7, 2012. Franking credits retained by the Company would allow the payment of fully franked dividends equivalent to 32 cents per share as at June 30, 2012.

Outlook:

CVC will continue to focus on its main objective of delivering shareholder returns in excess of 15% per annum over time. Although CVC is in a position to capitalise on tight credit markets the next 12 months is expected to be challenging as there are a number of Australian and international issues still to be resolved that will have a large bearing on the direction of financial markets. At this stage it is not possible to forecast a likely result for 2013.

ADH Beard
Director
31 August 2012

Appendix 4E

Preliminary Final Report Results for announcement to the market

CVC Limited		
ABN	Financial Year ended (‘Reporting Period’)	Previous Financial Year ended (‘Corresponding period’)
34 002 700 361	30 June 2012	30 June 2011

Results

Income	up/down	108%	to	\$73,125,781
Profit after tax	up/down	11%	to	\$9,133,110
Net profit for the period	up/down	11%	to	\$9,133,110

Dividends (distributions)

	Amount per security	Franked amount per security
Final Dividend – 2012	3 ¢	3 ¢
Interim Dividend – 2012	2 ¢	2 ¢
Information on Dividends: The directors have resolved to pay a final fully franked dividend in respect of the year ended 30 June 2012 of 3 cents per share payable on 7 September 2012. A fully franked interim dividend in respect of the current financial year of 2 cents per share was paid on 1 March 2012. As previously advised the Dividend Reinvestment Plan has been suspended until such time as there is a better correlation between the share price and the underlying net asset value of CVC Limited. As a result the Dividend Reinvestment Plan will not be in operation.		
Ex-dividend date		27 August 2012
Record date for determining entitlements to the final dividend		31 August 2012
Payment Date		7 September 2012

Net tangible asset per security

	Year ended 30 June 2012	Year ended 30 June 2011
Net assets per share	\$1.30	\$1.26
Net tangible assets (“NTA”) per share	\$1.30	\$1.26

The preliminary final report is based on accounts that have been audited.

Commentary

Brief explanation of any of the figures reported above:
Please refer to the attached commentary for a detailed review.

CVC LIMITED
AND ITS CONTROLLED ENTITIES

FINANCIAL REPORT

For the year ended
30 June 2012



The financial report was authorised for issue by the Directors on 31 August 2012.
The company has the power to amend and reissue the financial report.

ACN 002 700 361
AFSL 239665

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2012 together with the Auditors' Report thereon.

DIRECTORS

The names of Directors in office throughout the financial year and to the date of this report are Vanda Russell Gould (Chairman), John Scott Leaver, John Douglas Read and Alexander Damien Harry Beard. The names of Company Secretaries in office throughout the financial year and to the date of this report are Mr Alexander Damien Harry Beard and Mr John Andrew Hunter. Details of qualifications, experience and special responsibilities of Directors are as follows:

Vanda Russell Gould (Chairman)

B.Com (Uni. of NSW), M.Com (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Fellow of the CPA Australia; Fellow of the Australian Institute of Management; Australian Financial Services Licence holder.

Board member from 1984 – 1994 and from 1996 to date. Member of the audit committee.

Prior to his involvement in the founding of the Company, Mr Gould was a partner of an accounting firm. He has held numerous directorships of other private and public companies including educational establishments.

During the past three years Mr Gould has also served as a Director of Cyclopharm Limited, Vita Life Sciences Limited and CVC Property Managers Limited as Responsible Entity for CVC Property Fund.

John Scott Leaver (Non-Executive Director)

B.Ec. (Uni. of Sydney)

Australian Financial Services Licence holder.

Board member since 1984 and Managing Director of the Company until 2001.

Prior to his involvement in the founding of the Company, Mr Leaver had extensive experience in the stockbroking industry. During the past three years Mr Leaver has also served as a Director of Sunland Group Limited.

John Douglas Read (Non-Executive Director)

B.Sc. (Hons) (Cant.), M.B.A. (A.G.S.M.)

Fellow of the Australian Institute of Company Directors.

Board member since 1989 and Chairman of the audit committee of the Company.

Mr Read has over 25 years experience in the venture capital industry. He is a former Director of CSIRO and the Australian Institute for Commercialisation Limited.

During the past three years Mr Read has also served as Director of Patrys Limited and The Environmental Group Limited.

Alexander Damien Harry Beard (Director and Company Secretary)

B.Com. (Uni. of NSW)

Fellow of the Institute of Chartered Accountants in Australia; Member of Australian Institute of Company Directors.

Board member since 2000 and Chief Executive Officer since 2001. Member of the audit committee.

Mr Beard has been employed by the manager of the Company since 1991.

During the past three years Mr Beard has also served as Chairman of Cellnet Group Limited and Villa World Limited and Director of the following other listed companies: Mnet Group Limited, Amadeus Energy Limited, Cyclopharm Limited, and CVC Property Managers Limited as Responsible Entity for CVC Property Fund.

COMPANY SECRETARIES

John Andrew Hunter

B.Com. (ANU), M.B.A. (MGSM)

Member of the Institute of Chartered Accountants in Australia.

In addition to being a Director of the Company, **Alexander Damien Harry Beard** is also a Company Secretary of the Company.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year were:

	Directors' Meetings	
	No of meetings attended	No of meetings eligible to attend
Vanda Russell Gould	4	4
John Scott Leaver	2	4
John Douglas Read	4	4
Alexander Damien Harry Beard	4	4

The Company has an audit committee. The number of meetings and the number of meetings attended by each of the Directors on the audit committee during the financial year were:

	Audit Committee Meetings	
	No of meetings attended	No of meetings eligible to attend
John Douglas Read	2	2
Alexander Damien Harry Beard	1	2
Vanda Russell Gould	2	2

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

Ordinary Shares

Mr V.R. Gould	21,728,922
Mr J.S. Leaver	22,525,111
Mr J.D. Read	528,956
Mr A.D.H. Beard	1,381,136

At the date of this report, Messrs Gould and Leaver have an indirect interest of 297 shares in Stinoc Limited, a controlled entity of CVC Limited.

OVERVIEW OF ACTIVITIES

The sections below provide details on the results, dividends, activities, operations, changes in state of affairs and expectations for the future.

CONSOLIDATED RESULTS

The financial performance for the 2012 financial year is as follows:

- Profit before tax of \$12.3 million (2011: \$15.2 million);
- Net profit after tax of \$9.4 million (2011: \$11.4 million); and
- Earnings per share of 7 cents (2011: 8 cents);
- Reduction in fair value of investment properties \$3.4 million (2011: \$1.7 million);
- Discount on acquisition of companies joining CVC \$4.6 million; and
- Impairment recoveries of \$3.4 million (2011: \$3.7 million) and impairment charge of \$14.1 million (2011: \$6.8 million).

The consolidated profit for the year attributable to the members of the Company is calculated as follows:

	2012 \$	2011 \$
Net profit after income tax	9,396,637	11,404,880
Non-controlling interests	(263,527)	(1,176,386)
Net profit after income tax attributable to members	<u>9,133,110</u>	<u>10,228,494</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

A final dividend in respect of the year ended 30 June 2012 of 3 cents per share was declared on 20 August 2012 to be paid on 7 September 2012 to those shareholders registered on 31 August 2012. An interim dividend of 2 cents per share amounting \$2,462,398 was paid on 1 March 2012.

A final dividend in respect of the year ended 30 June 2011 of 3 cents per share amounting to \$3,714,016 was paid on 9 September 2011. An interim dividend of 2 cents per share amounting to \$2,560,613 was paid on 21 March 2011.

PRINCIPAL ACTIVITIES

The principal activities of entities within CVC during the year were:

- the provision of investment, development and venture capital;
- property finance and development;
- investment in listed entities; and
- funds management.

REVIEW OF OPERATIONS

Highlights for the year of the main operating segments are as follows:

CVC has cash holdings of \$43 million (equivalent to 35.5 cents per share) and is well placed to pursue investment opportunities as and when they emerge.

Listed Investments:

During the financial year the ASX listed Cellnet Group Limited (ASX: CLT) (a distributor of mobile and IT technology to the reseller community) became a consolidated entity of CVC and as such any movement in the share price is no longer reflected in the results of CVC.

CVC sold its investments in Pro-Pac Packaging Limited and Dolomatrix International Limited during the financial year. The net profit arising from Pro-Pac Packaging Limited was \$9.3 million and Dolomatrix International Limited was \$2.3 million. CVC has been selling its shareholding in Silver Bird Group Bhd and after raising an impairment charge against the remaining shareholding a loss was recognised of \$4.2 million.

Distributions received from various investments during the financial year amounted to \$2.2 million.

An additional reduction in the carrying value of investments during the financial year amounted to \$10.5 million to reflect the prevailing share price which included impairment charges recognised against Cellnet Group Limited prior to it becoming a consolidated entity of \$1.7 million, Bionomics Limited of \$2.2 million, Villa World Limited of \$2.4 million, Mnet Group Limited of \$0.8 million and Cyclopharm Limited of \$0.6 million.

Private Equity:

The contribution to comprehensive income of \$4.0 million is a direct reflection on the consistent results of Greens Food Pty Limited and Ron Finemore Transport Pty Limited. These robust results have been generated in the face of a fall in consumer spending, tougher competition in the retail market and a rising Australian dollar.

During the period Battery Energy Power Solutions Pty Limited (an industrial battery manufacturer) became a consolidated entity of CVC, and it is expected that it will add to the growing returns being generated by private equity investments.

Property:

Property contributed \$6.3 million to comprehensive income which included interest related income generated from the provision of mezzanine funding of \$8.6 million, net rental income after interest related expense of \$2.6 million and a \$2.2 million profit arising from the sale of Unit 2, 1464 Ferntree Gully Victoria which was sold for \$31.5 million in November 2011. However, this result was overshadowed by the reduction in the fair value of directly held property assets of \$6.3 million, including investment properties located at Belrose and Frenchs Forest in New South Wales.

CVC continues to take advantage of tighter lending policies imposed by the major financial institutions on property developments.

Funds Management:

The contribution to comprehensive income of this segment was \$1.0 million which has been a result of one of the many benefits derived from the wind-up of various investment vehicles managed by CVC.

Concise Asset Management Limited (Mid Cap Australian Equities Specialist) continues to grow funds under management and is expected to provide a positive impact on the results in coming years.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

LIKELY DEVELOPMENTS

As explained in previous reports, the total level of profit for any period, notwithstanding the recurrent earnings, is largely determined by the timing of the realisation of investments that result in capital gains. The Company believes the strong financial position and continual evaluation of investment opportunities by its management team will enable the identification and execution of suitable investment opportunities during the course of the year.

ENVIRONMENTAL REGULATION

CVC's operations are not subject to environmental regulations.

EVENTS SUBSEQUENT TO BALANCE DATE

A final dividend in respect of the year ended 30 June 2012 of 3 cents per share was declared on 20 August 2012 to be paid on 7 September 2012 to those shareholders registered on 31 August 2012.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

SHARE OPTIONS

There were no options issued during the year or to the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

a) Indemnification

CVC has not, during or since the end of the financial year, indemnified or made any relevant agreement for indemnifying any person who is or has been an officer or auditor of CVC or a related body corporate against a liability, including costs and expenses in successfully defending legal proceedings.

b) Insurance Premiums

CVC has not, during the year or since the end of the financial year, paid or agreed to pay a premium for insuring any person who is or has been an auditor of the Company or a related body corporate for the costs or expenses of defending legal proceedings.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance for Directors and Officers of the Company.

In accordance with s. 300(9) of the *Corporations Act 2001* further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Executives of the Company and its 100% owned entities. For clarity it excludes the remuneration arrangements of Cellnet Group Limited.

Remuneration philosophy

The performance of CVC depends upon its ability to attract and retain quality people. CVC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre management personnel and providing the opportunity to receive superior remuneration tied directly to the creation of value for shareholders.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-executive Director's remuneration is solely in the form of fees and has been set by shareholders at a maximum aggregate amount of \$550,000, to be allocated amongst the Directors as they see fit. It has been set to balance the need to attract and retain Directors of the highest calibre at a cost that is acceptable to shareholders.

Key management personnel remuneration consists of: base salary, fees, superannuation contributions, short term performance bonuses and participation in the CVC Executive Long Term Incentive Plan.

The Company does not have a remuneration committee. The remuneration of the Chief Executive Officer is proposed by the Chairman and is determined following discussion with the non-executive Directors.

Short term performance bonuses permit CVC to reward individuals for superior personal performance or contribution towards components of CVC's performance for which they have direct responsibility.

The objectives of the CVC Executive Long Term Incentive Plan are to directly align the opportunity to achieve superior employment rewards with the wealth generated for shareholders whilst providing a mechanism to retain key employees over the longer term. In general terms, under the plan:

- key employees are invited by the Directors to acquire shares in the Company subject to certain conditions;
- the conditions specify performance hurdles and time periods in which they are required to be achieved;
- all shares issued under the plan to date cover a three year period and require that the total return to shareholders over the three year period exceeds the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index;
- shares are issued at market value and the Company provides a loan to the participant to cover the cost of the shares;
- interest is charged on the loan equivalent to dividends paid on the shares;
- the shares are restricted and cannot be dealt with by the participant during the period;
- shares are forfeited and the loans are cancelled if the performance hurdles have not been met or the share price at the end of the period is below the issue price;
- if shares are not forfeited, at the end of the period the participant is required to repay the loan, the restrictions on the shares are removed and the shares are taken out of the plan; and
- a maximum of 5 million shares can be issued under the plan.

CVC has not currently issued any shares under the CVC Executive Long Term Incentive Plan.

Individual remuneration disclosures:

The remuneration paid by the Company during the financial year is Directors' fees paid to Messrs Gould, Leaver and Read. All other remuneration disclosed relate to the 100% owned entities of the Company.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel:

The only key management personnel of the Company are the Directors.

Remuneration of Directors for the year ended 30 June 2012

		Short-term employee benefits		Post – employ't benefits	Other	Total	Base % (a)
		Base Salary Fees	STI Bonus (b)	Superannuation			
ADH Beard (Director)	2012	\$278,858	\$45,000	\$25,000	\$37,833	\$386,691	88%
	2011	\$296,290	\$150,000	\$25,000	\$19,826	\$491,116	69%
VR Gould (Chairperson and Executive Director)	2012	\$300,000	-	\$27,000	\$16,147	\$343,147	100%
	2011	\$275,000	-	\$24,754	\$16,116	\$315,870	100%
JS Leaver (Executive Director)	2012	\$300,000	-	\$27,000	\$16,147	\$343,147	100%
	2011	\$275,000	-	\$24,754	\$16,116	\$315,870	100%
JD Read (Non-Executive Director)	2012	-	-	\$25,000	-	\$25,000	100%
	2011	-	-	\$25,000	-	\$25,000	100%
	2012	<u>\$878,858</u>	<u>\$45,000</u>	<u>\$104,000</u>	<u>\$70,127</u>	<u>\$1,097,985</u>	
	2011	<u>\$846,290</u>	<u>\$150,000</u>	<u>99,508</u>	<u>\$52,058</u>	<u>\$1,147,856</u>	

Notes:

- (a) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- (b) The Short Term Incentive Bonus paid to Mr. Beard represents a discretionary bonus as determined by the Directors of CVC, based on his performance during the year.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

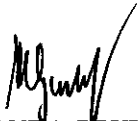
No fees were paid to HLB Mann Judd in respect of non-audit services during the year.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CVC LIMITED

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 9.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Dated at Sydney 31 August 2012.



VANDA GOULD
Director



ALEXANDER BEARD
Director

CVC LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of CVC Limited:

As lead auditor for the audit of CVC Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration includes CVC Limited and the entities it controlled during the year.



M Muller
Partner

Sydney
31 August 2012

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
INCOME			
Revenue from services		1,767,021	957,416
Rental income		4,317,985	6,088,016
Outgoings recovered		965,390	830,791
Net gain on sale of equity investments		6,563,439	4,225,860
Net gain on sale of investment property		-	2,957,546
Interest revenue		10,844,248	8,646,978
Dividend revenue		2,554,187	1,754,055
Discount on acquisition		4,629,188	-
Recovery of investments in associated entities		2,519,961	1,667,256
Recovery of investment in related entities		446,574	-
Recovery of loans in associated entities		175,000	25,000
Recovery of loans in related entities		212,967	37,018
Recovery of loans in unrelated entities		-	1,982,732
Sale of goods		32,036,945	-
Net realised foreign exchange gain		574,586	-
Other income		490,517	1,258,041
Total income	4	68,098,008	30,430,709
Share of net profits of associates accounted for using the equity method	15	5,027,773	4,810,252
EXPENSES			
Change in fair value of investment properties		3,351,691	1,688,650
Cost of goods sold		24,529,545	-
Depreciation expense		287,515	14,039
Employee expenses		7,785,691	2,430,375
Finance costs	5	3,072,656	4,045,530
Impairment of listed investments		4,386,830	30,000
Impairment of unlisted investments		161,954	687
Impairment of investments in associated entities		2,005,450	4,209,741
Impairment of investments in related entities		6,368,810	2,383,362
Impairment of loans to associated entities		94,165	-
Impairment of loans to related entities		-	231,953
Impairment of loans to unrelated entities		76,689	-
Impairment of property, plant and equipment		812,200	-
Impairment of intangible assets		195,599	-
Investment property-related expenses		760,996	805,126
Management and consultancy fees		1,025,048	857,620
Net realised foreign exchange loss		-	5,541
Net unrealised foreign exchange loss		-	681,233
Operating lease rental		914,698	427,214
Other expenses	5	4,986,484	2,205,780
Profit before related income tax expense		12,309,760	15,224,110
Income tax expense	6	2,913,123	3,819,230
Net profit		9,396,637	11,404,880
Net profit attributable to non-controlling interest	24	263,527	1,176,386
Net profit attributable to members of the parent entity		9,133,110	10,228,494
Basic and diluted earnings per share	7	0.0740	0.0786

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 15 to 57.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$	2011 \$
Profit for the year	<u>9,396,637</u>	<u>11,404,880</u>
Other comprehensive income		
“Available-for-sale” investments:		
- Increase/(decrease) in fair values recognised in other reserves	3,027,006	(3,562,832)
- Amounts transferred from other reserves to income on sale	(2,167,477)	(704,393)
Value of associates asset revaluation reserve recognised in other reserves	(266,894)	(279,835)
Value of associates foreign currency translation reserve recognised in other reserves	(33,486)	48,150
Other comprehensive income for the year, net of tax	<u>559,149</u>	<u>(4,498,910)</u>
Total comprehensive income for the year	<u><u>9,955,786</u></u>	<u><u>6,905,970</u></u>
Attributable to:		
Shareholders	10,092,824	6,061,858
Non-controlling interest	(137,038)	844,112
	<u><u>9,955,786</u></u>	<u><u>6,905,970</u></u>

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 57.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	26	43,458,535	17,974,188
Loans and other receivables	9	53,097,676	25,839,889
Financial assets – “available-for-sale”	10	674,275	700,000
Financial assets – “at fair value through profit or loss”	11	4,927,964	-
Inventories	12	7,470,803	-
Current tax assets	6	82,924	17,887
Other assets	13	581,360	413,310
Total current assets		110,293,537	44,945,274
NON-CURRENT ASSETS			
Loans and other receivables	9	8,701,150	13,686,134
Financial assets – “available-for-sale”	10	28,732,281	47,035,043
Investments accounted for using the equity method	14	35,413,233	40,536,529
Property, plant and equipment	16	4,128,716	17,832
Investment properties	17	38,250,000	74,949,158
Deferred tax assets	6	35,955	-
Total non-current assets		115,261,335	176,224,696
TOTAL ASSETS		225,554,872	221,169,970
CURRENT LIABILITIES			
Trade and other payables	19	13,781,191	5,150,622
Interest bearing loans and borrowings	21	20,439,902	8,967,266
Provisions	20	1,163,295	243,874
Current tax liabilities	6	2,329,337	3,763,503
Total current liabilities		37,713,725	18,125,265
NON-CURRENT LIABILITIES			
Trade and other payables	19	4,356,903	-
Interest bearing loans and borrowings	21	9,196,653	35,900,000
Provisions	20	584,791	71,871
Deferred tax liabilities	6	323,891	-
Total non-current liabilities		14,462,238	35,971,871
TOTAL LIABILITIES		52,175,963	54,097,136
NET ASSETS		173,378,909	167,072,834
EQUITY			
Contributed equity	22	106,813,787	110,978,239
Retained earnings	23	51,680,929	48,724,233
Other reserves	25	253,350	127,631
Total parent entity interest		158,748,066	159,830,103
Non-controlling interest	24	14,630,843	7,242,731
TOTAL EQUITY		173,378,909	167,072,834

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 57.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Contributed equity \$	Retained earnings \$	Asset revaluation \$	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
At 1 July 2011	110,978,239	48,724,233	(44,371)	225,458	(53,456)	159,830,103	7,242,731	167,072,834
Profit for the year	-	9,133,110	-	-	-	9,133,110	263,527	9,396,637
Other comprehensive income	-	-	906,497	-	53,217	959,714	(400,565)	559,149
Total comprehensive income for the year	-	9,133,110	906,497	-	53,217	10,092,824	(137,038)	9,955,786
Other movements in equity:								
Share of associates equity based remuneration recognised in other reserve	-	-	-	51,554	-	51,554	-	51,554
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	(928,939)	18,607	-	(910,332)	11,166,097	10,255,765
Non-controlling interest disposal of interest in controlled entities	-	-	-	-	-	-	(307,910)	(307,910)
Shares bought back	(4,248,198)	-	-	-	-	(4,248,198)	-	(4,248,198)
Tax benefit of transaction costs	83,746	-	-	-	-	83,746	-	83,746
Dividend paid	-	(6,176,414)	-	-	-	(6,176,414)	(3,339,877)	(9,516,291)
Share based payment	-	-	-	24,783	-	24,783	6,840	31,623
At 30 June 2012	106,813,787	51,680,929	(66,813)	320,402	(239)	158,748,066	14,630,843	173,378,909
At 1 July 2010	115,687,816	45,012,191	3,633,443	165,230	288,137	164,786,817	7,428,873	172,215,690
Profit for the year	-	10,228,494	-	-	-	10,228,494	1,176,386	11,404,880
Other comprehensive income	-	-	(3,825,043)	-	(341,593)	(4,166,636)	(332,274)	(4,498,910)
Total comprehensive income for the year	-	10,228,494	(3,825,043)	-	(341,593)	6,061,858	844,112	6,905,970
Other movements in equity:								
Share of associates equity based remuneration recognised in other reserve	-	-	-	60,228	-	60,228	-	60,228
Transactions with shareholders:								
Acquisition of interest in controlled entities	-	-	147,229	-	-	147,229	(1,030,254)	(883,025)
Shares bought back	(4,709,577)	-	-	-	-	(4,709,577)	-	(4,709,577)
Dividend paid	-	(6,516,452)	-	-	-	(6,516,452)	-	(6,516,452)
At 30 June 2011	110,978,239	48,724,233	(44,371)	225,458	(53,456)	159,830,103	7,242,731	167,072,834

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 15 to 57.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		49,916,495	9,165,436
Cash payments in the course of operations		(51,499,354)	(5,756,379)
Proceeds from disposal of financial assets at fair value through profit or loss		2,049,341	-
Payments for disposal of financial assets at fair value through profit or loss		(3,094,296)	-
Interest received		6,148,264	5,012,979
Dividends received		2,367,616	1,073,954
Interest paid		(1,949,886)	(2,979,758)
Income taxes (paid)/refunded		(4,827,424)	495,260
Net cash (used in)/provided by operating activities	26	(889,244)	7,011,492
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure for investment properties		(1,297,564)	(1,326,534)
Payments for property, plant and equipment		(207,564)	(6,157)
Proceeds on disposal of property, plant and equipment		694	-
Proceeds on disposal of investment property		31,500,000	11,437,000
Payments for equity investments		(25,320,114)	(40,853,990)
Proceeds on disposal of equity investments		36,597,395	29,923,153
Proceeds on transactions with non-controlling interests		1,135,066	276,690
Acquisition of subsidiaries, net of cash acquired		13,496,941	-
Loans provided		(33,460,485)	(25,503,722)
Loans repaid		39,009,727	14,985,794
Loans acquired		(1,671,826)	-
Net cash provided by investing activities		59,782,270	(11,067,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(16,000,000)	(6,350,000)
Dividends paid		(9,834,562)	(6,516,452)
Payments for share buy-back		(8,148,703)	(5,894,145)
Net cash used in financing activities		(33,983,265)	(18,760,597)
Net increase/(decrease) in cash and cash equivalents		24,909,761	(22,816,871)
Foreign exchange gain/(loss) on cash		574,586	(5,541)
Cash and cash equivalents at the beginning of the financial year		17,974,188	40,796,600
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	26	43,458,535	17,974,188

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 57.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this Financial Report are:

1.1 Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for "available-for-sale" and "at fair value through profit or loss" investments and investment properties which have been measured at fair value.

These accounting policies have been consistently applied by each entity in CVC and, except where a change in accounting policy is indicated, are consistent with those of the previous year. Management is required to make judgements, estimates and assumptions in relation to the carrying value of assets and liabilities, that have significant risk of material adjustments in the next year and these have been disclosed in the relevant notes to the financial statements.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 33.

1.2 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include the Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2012 reporting period:

AASB 9 *Financial Instruments* was released in late 2009 and is mandatory for periods beginning on or after 1 January 2013. The Standards will require two measurement models: amortised cost and fair value. Application of the standard is not expected to have a significant impact on the financial statements.

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements Standards* is mandatory for periods beginning on or after 1 January 2013 the new accounting policies provide more reliable and relevant information for users to assess the composition of the group and the amounts, timing and uncertainty of future cash flows and introduces a single definition of control that applies to all entities. Control exists when the investor can use its power to affect the amount of its returns. Application of the standard is not expected to have a significant impact on the financial statements.

AASB 13 *Fair Value Measurement* was released in September 2011 and is mandatory for periods beginning on or after 1 January 2013 with early adoption permitted. It explains how to measure fair value and aims to enhance fair value disclosures. Application of the standard is not expected to have a significant impact on the financial statements.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3 Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of CVC Limited (the "Company") and its subsidiaries during the year ended 30 June 2012 ("CVC"). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which CVC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full and the reporting period and accounting policies of subsidiaries are consistent with those of the parent entity.

The acquisition of subsidiaries is accounted for using the purchase method of accounting which allocates the cost of the business combination to the fair value of the assets acquired and the liabilities assumed at the date of acquisition.

Non-controlling interests not held by CVC are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Increases in investments in existing controlled entities are recognised by CVC in equity with no impact on goodwill and the statement of financial performance. The difference between the consideration paid by CVC and the carrying amount of non-controlling interest has been included in asset revaluation reserve.

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of comprehensive income from the date significant influence commences until the date significant influence ceases. CVC's equity accounted share of movements in retained profits from changes in accounting policies by associates is recognised directly in consolidated retained earnings (note 23). CVC's equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

Parent entity information

The financial information of the Company is disclosed in note 3 and has been prepared on the same basis as the consolidated financial statements with the exception of investments in associates and controlled entities which are accounted for as "available-for-sale" investments.

Joint ventures

CVC's interests in joint venture partnerships are accounted for using equity accounting principles. Investments in joint venture partnerships are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the joint venture partnerships' net profit or loss is recognised in the consolidated statement of comprehensive income from the date joint control commences to the date joint control ceases. CVC's share of other movements in reserves is recognised directly in consolidated reserves.

Goodwill

Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

1.4 Impairment

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.5 Investments

Set-off of financial assets and liabilities

For investments with direct associated debt, the financial assets and liabilities are reflected on a net basis where this reflects a right, and an intention, to set-off the expected future cash flows from settling those assets and liabilities.

1.6 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the reporting date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit.

Tax consolidation legislation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. The entities in the consolidated group continue to account for their own current and deferred tax amounts. CVC has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows on a gross basis and 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.

1.7 Cash and Cash Equivalents

For the statement of cash flows, cash includes cash on hand and short-term deposits with an original maturity of three months or less.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.8 Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to CVC prior to the end of the financial year that are unpaid and arise when CVC becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables are non-interest bearing and are normally settled on average between 30 day and 45-day terms.

1.9 Trade and Other Receivables

Trade receivables, which generally have 30-120 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that CVC will not be able to collect the debts. Bad debts are written off when identified.

1.10 Property, Plant and Equipment

Acquisition

Items of property, plant and equipment are recorded at cost and depreciated as outlined below.

Investment properties

Investment properties are initially measured at cost, including transaction costs. Investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are recognised in the statement of financial performance in the year in which they arise.

Leased plant and equipment

Lease of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the statement of comprehensive income. Contingent rentals are expensed as incurred.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Depreciation and amortisation

Property, plant and equipment are depreciated/amortised using the straight line and diminishing value methods over the estimated useful lives, with the exception of finance lease assets. Finance lease assets are amortised over the term of the relevant lease, or where it is likely CVC will obtain ownership of the asset, the life of the asset. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The current depreciation rates for each class of assets are as follows:

Plant and equipment	5% to 50%
Leased assets	15% to 25%
Leasehold improvements	2.5% to 30%

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the average cost method and includes direct and allocated costs incurred in acquiring the inventories and bringing them to their present location and condition. Provision is recognised when there is objective evidence that the consolidated entity will not be able to sell the inventory at normal reseller pricing.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.12 Investments and Other Financial Assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either "financial assets at fair value through profit or loss", "loans and receivables", "held-to-maturity investments", or "available-for-sale" investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs. CVC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that CVC commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

"At fair value through profit or loss"

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition "at fair value through profit or loss" assets are measured at fair value with gains or losses being recognised in the statement of financial performance.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

"Available-for-sale investments"

"Available-for-sale" investments are those non-derivative financial assets that are designated as "available-for-sale" or are not classified as any of the three preceding categories. After initial recognition "available-for-sale" investments are measured at fair value with gains or losses being recognised as separate components of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; net asset backing; reference to the current market value of another instrument that is substantially the same and discounted cash flow analysis.

All other non-current investments are carried at the lower of cost and recoverable amount.

CVC assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as "available-for-sale", a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for "available-for-sale" financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as "available-for-sale" are not reversed through the statement of comprehensive income.

1.13 Intangible Assets other than Goodwill

Intangible assets are initially recorded at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.14 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs consists of interest and other costs relating to the financing of the acquisition of investment properties, and are expensed in the period they occur.

1.15 Revenue and Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to CVC and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised in total income when the significant risks and rewards of ownership have been transferred to the customer. This transfer generally occurs when the goods are delivered to the customer.

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of non-current assets

The gain or loss on sale of non-current asset sales is included as income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and in the case of "available-for-sale" assets will include any amount attributable to the asset which is included in reserves.

Where an equity investment in a controlled entity is reduced and the entity ceases to be controlled, revenue from either the sale of goods or services from that investment ceases to be included in the statement of comprehensive income. If the equity investment continues to be held as an "available-for-sale asset", changes in its fair value will be recognised directly in other comprehensive income. This may impact the ability to directly compare financial information.

Provision of services

Revenue from the provision of services represents management fees charged to associated entities and is recognised when the terms or the agreement are satisfied.

Revenue from the provision of warehousing services to external parties is recognised as the service is provided.

Where a financial asset has been issued in exchange for services, the market value of that asset is included as income at the date an unconditional contract is signed.

Dividends

Revenue from dividends and other distributions from controlled entities are recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from associates is recognised by the Company when dividends are received.

Revenue from dividends from other investments is recognised when received.

Dividends received out of pre-acquisition reserves are recognised in revenue and the investment is also assessed for impairment.

Rental income

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

Outgoings recovered

Outgoings recovered in relation to operating leases are recognised on a straight line basis over the term of the lease.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.16 Employee Entitlements

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Share based payment transactions

CVC provides benefits to employees (including senior executives) of CVC in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted, and amortised over the term of the plan.

1.17 Non-current assets held for sale and discontinuing operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.18 Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Shares issued under the CVC Executive Long Term Incentive Plan are treated as an option grant. The Black Scholes model is applied to calculate any equity based compensation amount arising from the assessed value of the shares issued exceeding the amount which the employee is required to pay for those shares. Such amounts are amortised over the relevant period during which the shares become available on an unrestricted basis. An increase in the value of contributed equity is also only recognised at the end of the period when the shares become available on an unrestricted basis.

1.19 Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.20 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.21 Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing differentiated products or services.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES

2.1 Composition of Consolidated Group

The consolidated financial statements include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity. All companies are incorporated in Australia.

	Interest Held by Consolidated Entity	
	2012	2011
	%	%
CVC Limited		
Direct Controlled Entities:		
Biomedical Systems Pty Limited	100	100
CVC Fairfield Pty Limited	100	100
CVC Finance Company Pty Limited	100	100
CVC Funds Management Pty Limited	100	100
CVC Knoxfield Unit Trust No. 2	100	100
CVC Investment Managers Pty Limited	100	100
CVC Managers Pty Limited	100	100
CVC Mezzanine Finance Pty Limited	100	100
CVC Narabang Pty Limited	95	95
CVC (Newcastle) Pty Limited	100	100
CVC Property Managers Limited	100	100
CVC Property Fund	90	90
CVC Private Equity Limited	59	57
Renewable Energy Managers Pty Limited	100	100
Stinoc Pty Limited	99	99
The Eco Fund Pty Limited	100	100
CVC Renewables Pty Limited	94	100
CVC Resources Pty Limited	100	100
CVC Greens Pty Limited	100	N/A
CVC Reef Investment Managers Pty Limited	100	N/A
Cellnet Group Limited	49	N/A
Controlled Entities owned 100% by CVC Property Fund:		
Belrose Unit Trust No. 1	100	100
Belrose Unit Trust No. 2	100	100
Belrose Unit Trust No. 3	100	100
CVC Knoxfield Unit Trust No. 1	100	100
Frenchs Forest No. 1 Trust	100	100
Frenchs Forest No. 2 Trust	100	100
Lauden CVC Property Trust	100	100
Controlled Entities owned by CVC Private Equity Limited:		
Battery Energy Power Solutions Pty Limited	43	N/A
Controlled Entities owned by CVC Renewables Pty Limited:		
Battery Energy Power Solutions Pty Limited	27	N/A

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.1 Composition of Consolidated Group (Continued)

	Interest Held by Consolidated Entity	
	2012	2011
Controlled Entities owned 100% by CVC Narabang Pty Limited:		
Narabang Constructions Pty Limited	100	100
Controlled Entities jointly owned by CVC Renewables Pty Limited and CVC Reef Investment Managers:		
Wind Corporation Australia Pty Limited	80	N/A
Hampton Wind Park Company Pty Limited	80	N/A
Controlled Entities controlled by Cellnet Group Limited:		
Cellnet Limited	100	N/A
Comms Plus Marketing Pty Limited	100	N/A
C&C Warehouse (Holdings) Pty Limited	100	N/A
VME Systems Pty Limited	100	N/A
Michael Hornsby & Associates Pty Limited	100	N/A
Regadget Pty Limited	90	N/A
OYT Pty Limited	100	N/A
Cellnet Online Pty Limited	100	N/A

2.2 Acquisition and Disposals of Controlled Entities – Battery Energy Power Solution Pty Limited

On 19 December 2011, CVC Renewables Pty Limited acquired 45% of Battery Energy Power Solution Pty Limited for a consideration of \$336,374. Immediately prior to that date CVC Limited had an existing holding of 25% of the equity on issue with a fair value of nil and CVC Private Equity Limited had an existing holding of 30% of the equity on issue with a fair value of \$180,000. The combined deemed consideration amounted to \$516,374.

A summary of the acquisition is as follows:

	\$
Assets and Liabilities of Battery Energy Power Solution Pty Limited at Acquisition:	
Cash assets	1,092,292
Trade and other receivables	1,326,828
Inventories	1,511,785
Trade and other payables	(3,313,459)
Total identifiable net assets at fair value	617,446
Less: non-controlling interest	(101,072)
Consideration for acquisition	516,374

For the period from acquisition to the end of the financial year, Battery Energy Power Solution Pty Limited recorded revenues of \$4,332,729 and profit after tax of \$283,963. If Battery Energy Power Solution Pty Limited had been owned for the whole of the financial year the revenue included would have been \$8,439,061 and loss after tax would have been \$356,530.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Acquisition and Disposals of Controlled Entities – CVC REEF Investment Managers Limited

On 19 December 2011, CVC acquired 50% of CVC REEF Investment Managers Limited for a consideration of \$2,771. Immediately prior to that date CVC had an existing holding of 50% of the equity on issue with a fair value of \$389,844. The combined deemed consideration amounted to \$392,615.

A summary of the acquisition is as follows:

	\$
Assets and Liabilities of CVC REEF Investment Managers Limited at Acquisition:	
Cash assets	18,988
Trade and other receivables	2,820,058
Trade and other payables	(2,059,359)
Total identifiable net assets at fair value	779,687
Discount on acquisition	(387,072)
Consideration for acquisition	392,615

For the period from acquisition to the end of the financial year, CVC REEF Investment Managers Limited recorded revenues of \$992,692 and profit after tax of \$720,969. If CVC REEF Investment Managers Limited had been owned for the whole of the financial year the revenue included would have been \$2,850,165 and profit after tax would have been \$1,739,621.

2.4 Acquisition and Disposals of Controlled Entities – Wind Corporation Australia Pty Limited

On 19 December 2011, CVC acquired 80% of Wind Corporation Australia Pty Limited for a consideration of \$2,969,963. A summary of the acquisition is as follows:

	\$
Assets and Liabilities of Wind Corporation Australia Pty Limited at Acquisition:	
Cash assets	1,425,111
Trade and other receivables	3,926,395
Property, plant and equipment	813,546
Trade and other payables	(96,258)
Total identifiable net assets at fair value	6,068,794
Less: non-controlling interest	(1,213,759)
Discount on acquisition	(1,885,072)
Consideration for acquisition	2,969,963

For the period from acquisition to the end of the financial year, Wind Corporation Australia Pty Limited recorded revenues of \$101,004 and loss after tax of \$11,788. If Wind Corporation Australia Pty Limited had been owned for the whole of the financial year the revenue included would have been \$367,079, and loss after tax would have been \$124,970.

2.5 Acquisition and Disposals of Controlled Entities – CVC Renewables Pty Limited

On 20 December 2011, CVC increased its ownership from 79.14% to 93.96% via the acquisition of a 14.82% further interest in CVC Renewables Pty Limited for a consideration of \$925,520.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.6 Acquisition and Disposals of Controlled Entities – Cellnet Group Limited

On 1 January 2012, CVC was deemed to have acquired the control of the company with a 46.69% interest in the ordinary shares of Cellnet Group Limited as it was determined that following the ongoing share buy back program that the company was undertaking, CVC had increased its ownership in the company to a point where it had the ability to determine the outcome of any shareholder resolutions, and as such was deemed to have acquired control of the company. Immediately prior to that date the fair value of CVC's existing holding in the company was \$8,968,695. A summary of the acquisition is as follows:

	\$
Assets and Liabilities of Cellnet Group Limited at Acquisition:	
Cash assets	15,219,953
Trade and other receivables	14,829,835
Inventories	6,237,980
Property, plant and equipment	1,408,291
Intangibles	149,246
Trade and other payables	(13,662,439)
Total identifiable net assets at fair value	24,182,866
Less: non-controlling interest	(12,891,343)
Discount on acquisition	(2,322,828)
Consideration for acquisition	8,968,695

For the period from acquisition to the end of the financial year, Cellnet Group Limited recorded revenues of \$29,482,000 and loss after tax of \$883,000. If Cellnet Group Limited had been owned for the whole of the financial year the revenue included would have been \$65,408,000 and loss after tax would have been \$488,000.

2.7 Acquisition and Disposals of Controlled Entities – OYT Pty Limited

During the current year the consolidated entity acquired an interest in OYT Pty Ltd in two separate stages. On 1 January 2012 CVC acquired the Cellnet Group Limited which included 30% of the share capital in OYT Pty Limited. The remaining 70% of share capital was acquired for a consideration of \$50,831 on the 17 February 2012. The fair value of identifiable net assets acquired from OYT Pty Limited on 17 February 2012 is illustrated in the table below.

	\$
Assets and Liabilities of OYT Pty Limited at Acquisition:	
Cash and cash equivalents	26,029
Trade and other receivables	42,490
Inventories	115,918
Property, plant and equipment	1,242
Intangibles	46,353
Trade and other payables	(146,985)
Total identifiable net assets at fair value	85,047
Discount on acquisition	(34,216)
Consideration for acquisition	50,831

For the period from acquisition to the end of the financial year, OYT Pty Limited recorded no profit or loss to CVC. If the acquisition had taken place at the beginning of the year, revenue included would have been \$1,824,000 and the loss for the year would have been \$2,121,000.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION

The salient financial information in relation to the parent company, CVC Limited, are as follows:

i) STATEMENT OF COMPREHENSIVE INCOME

	2012 \$	2011 \$
INCOME		
Net gain on sale of equity investments	1,924,142	4,125,861
Interest revenue	6,848,211	8,038,741
Dividend revenue	20,499,881	1,548,785
Recovery of investments in controlled entities	-	443,798
Recovery of investment in associated entities	5,763,240	56,793
Recovery of investment in related entities	447,143	-
Recovery of investment in unrelated entities	83,800	-
Recovery of loans to controlled entities	1,262,415	435,822
Recovery of loans to related entities	212,967	37,018
Recovery of loans to unrelated entities	-	1,147,272
Other income	16,733	1,063,559
Total income	37,058,532	16,897,649
EXPENSES		
Impairment of listed investments	4,107,591	-
Impairment of unlisted investments	161,609	-
Impairment of investments in associated entities	355,333	341,098
Impairment of investments in related entities	5,566,118	2,475,460
Impairment of loans to controlled entities	5,733,044	494,372
Impairment of loans to related entities	83,312	49,935
Management and consultancy fees	6,500,040	6,601,251
Net realised foreign exchange loss	13,337	5,541
Net unrealised foreign exchange loss	-	681,233
Other expenses	1,151,218	1,168,007
Profit before related income tax expense	13,386,930	5,080,752
Income tax expense	312,600	2,020,250
Net profit	13,074,330	3,060,502
Other comprehensive income		
“Available-for-sale” investments:		
- Decrease in fair values recognised in other reserves	(2,049,714)	(3,074,702)
- Amounts transferred from other reserves to other comprehensive income on sale	(1,123,537)	(704,393)
Other comprehensive income for the year, net of tax	(3,173,251)	(3,779,095)
Total comprehensive income for the year	9,901,079	(718,593)

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION (CONTINUED)

ii) STATEMENT OF FINANCIAL POSITION

	2012	2011
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	30,195,909	10,137,992
Loans and other receivables	16,349,801	12,610,887
Financial assets – “at fair value through profit or loss”	2,191,784	-
Financial assets – “available-for-sale”	674,275	-
Other assets	123,522	118,783
Total current assets	<u>49,535,291</u>	<u>22,867,662</u>
NON-CURRENT ASSETS		
Loans and other receivables	40,428,964	50,296,368
Financial assets – “available-for-sale”	75,903,129	100,475,476
Total non-current assets	<u>116,332,093</u>	<u>150,771,844</u>
TOTAL ASSETS	<u>165,867,384</u>	<u>173,639,506</u>
CURRENT LIABILITIES		
Trade and other payables	1,028,302	972,853
Interest bearing loans and borrowings	539,902	539,902
Current tax liabilities	2,228,720	3,764,948
Total current liabilities	<u>3,796,924</u>	<u>5,277,703</u>
NON-CURRENT LIABILITIES		
Trade and other payables	38,832,159	44,683,717
Total non-current liabilities	<u>38,832,159</u>	<u>44,683,717</u>
TOTAL LIABILITIES	<u>42,629,083</u>	<u>49,961,420</u>
NET ASSETS	<u>123,238,301</u>	<u>123,678,086</u>
EQUITY		
Contributed equity	106,813,787	110,978,239
Retained earnings	14,707,291	7,809,375
Other reserves	1,717,223	4,890,472
TOTAL EQUITY	<u>123,238,301</u>	<u>123,678,086</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

	2012	2011
	\$	\$
NOTE 4: INCOME		
Rental income		
Related entities	142,380	284,760
Unrelated entities	4,175,605	5,803,256
Outgoings recovered		
Unrelated entities	965,390	830,791
Revenue from services		
Related entities	441,207	457,416
Unrelated entities	1,325,814	500,000
Net gain on sales of equity investments	6,563,439	4,225,860
Net gain on sale of investment property	-	2,957,546
Interest:		
Related entities	585,518	210,707
Unrelated entities	10,258,730	8,436,271
Dividends		
Related entities	1,932,023	1,467,642
Unrelated entities	622,164	286,413
Sale of goods	32,036,945	-
Discount on acquisition	4,629,188	-
Impairment recoveries		
Recovery of investments in associated entities	2,519,961	1,667,256
Recovery of investments in related entities	446,574	-
Recovery of loans in associated entities	175,000	25,000
Recovery of loans in related entities	212,967	37,018
Recovery of loans in unrelated entities	-	1,982,732
Net realised foreign exchange gain	574,586	-
Other revenue	490,517	1,258,041
Total income	68,098,008	30,430,709

NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense has been arrived at after charging the following items:

Borrowing costs:		
Related entities	1,104,544	954,302
Other entities	1,968,112	3,091,228
Total borrowing costs	3,072,656	4,045,530
Other expenses:		
Audit fees	366,766	210,095
Directors fees	695,476	584,000
Insurance	291,070	167,289
Legal costs	234,950	242,826
Travel and accommodation	193,831	87,294
All other expenses	3,204,391	914,276
Total other expenses	4,986,484	2,205,780

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

	2012 \$	2011 \$
NOTE 6: INCOME TAX		
6.1 Income Tax Expense/(Benefit):		
Accounting profit before income tax	12,309,760	15,224,110
Income tax expense/(benefit) at the statutory income tax rate of 30%	3,692,928	4,567,233
Increase in income tax expense due to:		
Trust loss not deductible	921,140	95,374
Sundry items	34,840	32,938
Decrease in income tax expense due to:		
Dividends received	(1,658,106)	(376,163)
Tax loss utilised	-	(112,311)
Net deferred tax not recognised	(207,091)	(386,956)
	<u>2,783,711</u>	<u>3,820,115</u>
Adjustments in respect of current income tax of previous years (a)	129,412	(885)
Income tax expense	<u><u>2,913,123</u></u>	<u><u>3,819,230</u></u>
The major components of income tax expense are:		
Current income tax charge	2,499,507	3,769,733
Deferred income tax	284,204	50,382
Adjustments in respect of current income tax of previous years (a)	129,412	(885)
Income tax expense reported in the statement of financial performance	<u><u>2,913,123</u></u>	<u><u>3,819,230</u></u>
(a) The adjustment in respect of current income tax includes an underprovision on tax liability of 2011 tax year.		
6.2 Current Tax Assets:		
Income tax receivable:		
Balance at the end of the year	<u><u>82,924</u></u>	<u><u>17,887</u></u>
6.3 Current Tax Liabilities:		
Income tax payable:		
Balance at the end of the year	<u><u>2,329,337</u></u>	<u><u>3,763,503</u></u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

6.4 Deferred Tax Assets:

Deferred income tax at 30 June related to the following deferred tax assets:

	Included in Income \$	Included in Equity \$	Total \$
<i>Year ended 30 June 2012</i>			
"Available-for-sale" investments	14,889	-	14,889
Provisions and accrued expenses	819,233	-	819,233
Impairment expenses	11,288,744	-	11,288,744
Share raising costs	-	18,366	18,366
Equity accounted investments	3,750,435	-	3,750,435
Other	535,200	-	535,200
Tax losses	15,849,844	-	15,849,844
Deferred tax assets not recognised	(32,222,390)	(18,366)	(32,240,756)
	<u>35,955</u>	<u>-</u>	<u>35,955</u>
<i>Year ended 30 June 2011</i>			
Provisions and accrued expenses	336,144	-	336,144
Impairment expenses	17,327,852	-	17,327,852
Share raising costs	-	24,222	24,222
Equity accounted investments	1,577,687	-	1,577,687
Other	83,566	-	83,566
Tax losses	1,571,901	-	1,571,901
Deferred tax assets not recognised	(20,897,150)	(24,222)	(20,921,374)
	<u>-</u>	<u>-</u>	<u>-</u>

6.5 Deferred Tax Liabilities

Deferred income tax at 30 June related to the following deferred tax liabilities:

<i>Year ended 30 June 2012</i>			
"Available-for-sale" investments	-	-	-
Receivables	1,067,340	-	1,067,340
Equity accounted income	8,621,473	-	8,621,473
Property, plant and equipment	90,989	-	90,989
Intangible Assets	21,000	-	21,000
Gain on Acquisition	713,394	-	713,394
Other	243,581	-	243,581
Deferred tax liabilities not recognised	(10,433,886)	-	(10,433,886)
	<u>323,891</u>	<u>-</u>	<u>323,891</u>
<i>Year ended 30 June 2011</i>			
"Available-for-sale" investments	-	3,635,501	3,635,501
Receivables	931,984	-	931,984
Equity accounted income	3,057,733	-	3,057,733
Property, plant and equipment	4,136	-	4,136
Other	269,502	-	269,502
Deferred tax liabilities not recognised	(4,263,355)	(3,635,501)	(7,898,856)
	<u>-</u>	<u>-</u>	<u>-</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

6.6 Tax Consolidation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities to subsidiaries in the event the tax liability is not paid.

The entities in the consolidated group continue to account for their own current and deferred tax amounts. The members of the tax consolidated group has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company recognises the current tax liabilities (or assets) from controlled entities in the tax consolidated group. To the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised the Company recognises the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the allocation of tax within the group is calculated as if each entity was an individual entity for tax purposes. Unless agreed between the members the tax funding agreement requires payment as a result of the transfer of tax amounts.

NOTE 7: EARNINGS PER SHARE

	2012 \$	2011 \$
Basic and Diluted earnings per share (dollars per share)	<u>0.0740</u>	<u>0.0786</u>
<i>Reconciliation of earnings used in the calculation of earnings per share:</i>		
Profit after income tax	9,396,637	11,404,880
Less: non-controlling interest	<u>263,527</u>	<u>1,176,386</u>
Net profit attributable to members of the parent entity	<u><u>9,133,110</u></u>	<u><u>10,228,494</u></u>
 Number of Shares		
Weighted average number of ordinary shares – Basic and Diluted	123,351,129	130,109,595
Number of shares on issue at the end of the year	<u><u>122,336,368</u></u>	<u><u>127,088,001</u></u>

NOTE 8: DIVIDENDS

Dividends proposed or paid and not provided for in previous years by the Company are:

Declared during the financial year and included within the statement of financial position:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2012 Interim dividend on ordinary shares	2.00	2,462,398	1 March 2012	30%	100%
2011 Final dividend on ordinary shares	3.00	3,714,016	9 September 2011	30%	100%
2011 Interim dividend on ordinary shares	2.00	2,560,613	21 March 2011	30%	100%
2010 Final dividend on ordinary shares	3.00	3,955,839	8 September 2010	30%	100%

Declared after the end of the financial period and not included in the statement of financial position:

A final dividend in respect of the year ended 30 June 2012 of 3 cents per share was declared on 20 August 2012 to be paid on 7 September 2012 to those shareholders registered on 31 August 2012.

	The Company 2012 \$	2011 \$
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	<u><u>17,108,977</u></u>	<u><u>15,340,883</u></u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 8: DIVIDENDS (CONTINUED)

The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the refund of overpaid tax instalments paid
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year-end
- (d) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
- (e) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

NOTE 9: LOANS AND OTHER RECEIVABLES

	2012 \$	2011 \$
Current		
Trade receivables	13,207,390	533,543
Allowance for impairment loss	(131,415)	-
Other receivables and prepayments	1,189,692	400,954
Loans to related entities	9,388,517	8,108,806
Impairment of loans to related entities	(2,005,581)	(3,562,948)
Loans to other corporations	31,449,073	20,359,534
	<u>53,097,676</u>	<u>25,839,889</u>
Non-current		
Loans to related entities	2,821,209	1,281,942
Impairment of loans to related entities	(947,941)	(1,035,399)
Loans to other corporations	6,904,571	13,469,591
Impairment of loans to other corporations	(76,689)	(30,000)
	<u>8,701,150</u>	<u>13,686,134</u>

9.1 Trade receivables

Trade receivables are non-interest bearing and are generally on 3 - 30 day terms. Certain trade receivables are insured through a debtors' insurance policy. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired and not recoverable within the terms of the insurance policy.

Movements in the provision for impairment loss were as follows:

Carrying amount at the beginning of the year	-	-
Additions through purchase of controlled entities	314,160	-
Charge for the year	140,149	-
Amount recovered	(225,906)	-
Amounts written off	(96,988)	-
	<u>131,415</u>	<u>-</u>
Carrying amount at the end of the year	<u>131,415</u>	<u>-</u>

The ageing analysis of the trade receivables is as follows:

	Total	0 - 30 days	31 - 60 days	61 - 90 days (PDNI)	+91 days (PDNI)	61 - 90 days (CI)	+91 days (CI)
	\$	\$	\$	\$	\$	\$	\$
Closing balance - 2012	13,207,390	8,932,343	1,922,392	588,450	1,632,790	39,234	92,181
Closing balance - 2011	533,543	16,923	-	-	516,620	-	-

PDNI - Past due not impaired

CI - Considered impaired

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 9: LOANS AND OTHER RECEIVABLES (CONTINUED)

9.2 Loans

When an entity does not pay a scheduled payment of principal and interest or management consider that there has been an adverse change in the underlying value of assets securing the loan a review is conducted to determine if the loan is considered to be impaired. Impairment of loans to related entities and other corporations has been determined after reviewing the underlying assets supporting the loans and the history of making payments to reduce both the principle and interest outstanding.

Movements in the provision for impairment loss were as follows:

	2012 \$	2011 \$
Carrying amount at the beginning of the year	4,628,347	4,458,412
Charge for the year	170,854	231,953
Amount recovered	(387,967)	(62,018)
Amounts written off	(1,381,023)	-
	<u>3,030,211</u>	<u>4,628,347</u>
Carrying amount at the end of the year	<u>3,030,211</u>	<u>4,628,347</u>

Further details of loans are set out in notes 31 and 33.

NOTE 10: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE”

Current

Other investments – at cost	-	700,000
Shares in listed corporations – at market value	674,275	-
	<u>674,275</u>	<u>700,000</u>

Non-current

Shares in listed corporations – at market value	22,495,665	42,316,108
Other investments – at cost	6,826,264	5,182,591
Impairment of other investments – at cost	(1,500,000)	(1,500,000)
Public unlisted investments – at market value	910,352	1,036,344
Other investments – at market value	433,562	433,562
Impairment of other investments – at market value	(433,562)	(433,562)
	<u>28,732,281</u>	<u>47,035,043</u>

Where there has been a reduction in the share price of an investment that appears to be prolonged management have made an assessment as to whether impairment is required. Impairment of investments has been determined with reference to either a recent share price where an active market exists, discounted cash flow analysis, earnings multiples or underlying net assets. Management assesses the results to determine the most appropriate valuation.

10.1 Shares in listed corporations – at market value

The carrying value of certain investments classified as “Shares in listed corporations – at market value” has been determined by using the fair value approach. The closing “bid-price” was determined to be an appropriate indication for the fair value of the investment.

Significant share holdings are held in Resource Generation Limited, Mnet Group Limited, Vita Life Sciences Limited, Villa World Limited and Silver Bird Group Bhd. The number of shares held is greater than what would reasonably be considered to be liquid. The closing “bid-price” was determined to be an appropriate indication for the fair value of the investment. Refer note 33.7.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 10: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE” (CONTINUED)

10.2 Other investments – at cost

The carrying value of certain investments classified as “Other investments – at cost” has been determined by using the fair value approach less transaction costs based on the asset based methodology, using the most recent audited financial report. The determination of the fair value has resulted in an impairment allowance of \$1,500,000 (2011: \$1,500,000).

10.3 Public unlisted investments – at market value

The carrying value of certain investments classified as “Public unlisted investments – at market value” has been determined by using the fair value approach. The closing “redemption-price” for the Concise Mid Cap Fund was determined to be an appropriate indication for the fair value of the investment.

10.4 Other investments – at market value

The carrying value of certain investments classified as “Other investments – at market value” of \$433,562 (2011: \$433,562) has been determined by using the fair value approach less transaction costs based on the asset based methodology. The determination of the fair value has resulted in an impairment allowance of \$433,562 (2011: \$433,562).

	2012	2011
	\$	\$

NOTE 11: FINANCIAL ASSETS – “AT FAIR VALUE THROUGH PROFIT OR LOSS”

Current

Shares in listed corporations – at market value	4,927,964	-
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NOTE 12: INVENTORIES

Current

Stock on hand	9,156,158	-
Stock in transit	393,284	-
Provision for obsolescence	(2,078,639)	-
Total inventories at the lower of cost and net realisable value	7,470,803	-

Inventories recognised as an expense for the year ended 30 June 2012 totalled \$24,529,545. This expense has been included in the cost of goods sold in the Statement of Financial Performance.

NOTE 13: OTHER ASSETS

Current

Prepayments and deposits	581,360	413,310
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NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Non-current

Equity accounted shares in listed associated companies (note 15)	11,978,263	20,789,695
Equity accounted shares in other associated companies (note 15)	23,434,970	19,746,834
	35,413,233	40,536,529

Where there has been a reduction in the share price of an investment that appears to be prolonged management have made an assessment as to whether impairment is required. The amount of the impairment has been determined after consideration of the fair value of the investments, being a recent share price where an active market exists, or alternative valuation methodologies from a review of the operations and assets of the company where an active market does not exist. Management assesses the results to determine the most appropriate valuation.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 14: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

14.1 GPG (No. 7) Pty Limited

The carrying value of GPG (No. 7) Pty Limited ("GPG") has been determined by using the fair value approach and has been calculated as \$10,149,040 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 33.8.

14.2 Concise Asset Management Limited

The carrying value of Concise Asset Management Limited has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 33.8.

14.3 CVC Sustainable Investments

The carrying value of CVC Sustainable Investments ("CVCSI") has been determined by using the fair value approach and has been calculated as \$1,511,885 based on the net asset backing methodology, using the most recent reports provided by the group. Refer note 33.8.

14.4 JAK Investment Group Pty Ltd

The carrying value of JAK Investment Group Pty Ltd has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 33.8.

14.5 Everten Group Pty Limited

The carrying value of Everten Pty Limited has been determined by using the fair value approach and has been calculated as \$400,000 based on the original investment on 1 June 2012. Refer note 33.8.

14.6 Villa World Limited

The carrying value of Villa World Limited ("VLW") has been determined by using the fair value approach. The closing "bid-price" of VLW on 30 June 2012 was \$0.79 per share which was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market. Refer note 33.6 and 33.7.

14.7 CVC Wagga Wagga Unit Trust

The carrying value of CVC Wagga Wagga Unit Trust has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the entity. Refer note 33.8.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES

Details of material interests in associated entities are as follows:

Type	Ownership Interest		Investment Carrying Amount		Dividend Received/Receivable	
	2012 %	2011 %	2012 \$	2011 \$	2012 \$	2011 \$
Cellnet Group Limited (a)	49.3	46.5	-	10,392,296	996,538	284,720
Concise Asset Management Limited	49.0	49.0	-	-	-	-
CVC Reef Investment Managers Limited (a)	100.0	50.0	-	180,517	299,999	-
CVC Sustainable Investments	23.5	23.5	1,511,885	1,501,600	-	-
CVC Wagga Wagga Unit Trust	50.0	50.0	-	-	-	-
GPG (No.7) Pty Limited	27.5	27.5	10,149,040	8,218,540	-	-
JAK Investment Group Pty Ltd	40.0	40.0	-	-	-	-
Pro-Pac Packaging Limited	-	28.6	-	10,397,399	-	599,368
Ron Finemore Transport Pty Limited (b)	50.0	50.0	11,374,045	9,846,177	-	-
Everten Group Pty Limited (b)	50.0	-	400,000	-	-	-
Villa World Limited	20.2	-	11,978,263	-	-	-
			<u>35,413,233</u>	<u>40,536,529</u>	<u>1,296,537</u>	<u>884,088</u>

(a) During the financial year Cellnet Group Limited and CVC Reef Investment Managers Limited became controlled entities of CVC. Refer note 2.

(b) Ron Finemore Transport Pty Limited and Everten Group Pty Limited are not considered to be controlled entities of CVC as management of the companies is controlled by the holders of the remaining 50%.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONTINUED)

Information on associated entities:

Cellnet Group Limited	- a distributor of mobile and IT technology to the reseller community in Australia.
Concise Asset Management Limited	- a boutique fund manager focused on investments in ASX listed entities.
CVC Reef Investment Managers Pty Limited	- is the investment manager for the CVC REEF Limited renewable energy investment company.
CVC Sustainable Investments	- a group of stapled companies focused on private equity investment in companies that are focused on improved environmental outcomes.
CVC Wagga Wagga Unit Trust	- a property development of an industrial property in Wagga Wagga New South Wales.
GPG (No. 7) Pty Limited	- GPG (No. 7) Pty Limited is the holding company for the manufacturing operations of the blended foods, cereals and snack foods division of the previously Green's General Foods Pty Limited.
JAK Investment Group Pty Limited	- a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
Pro-Pac Packaging Limited	- a manufacturer and distributor of biodegradable flowable void fill packaging and the distribution of general industrial packaging products.
Ron Finemore Transport Pty Limited	- Ron Finemore Transport Pty Limited is a regional road transport and logistics group. Although CVC holds 50% interest in the company, it does not have control of the management of the company.
Everten Group Pty Limited	- an online kitchenware and gift basket business.
Villa World Limited	- a developer of affordable residential communities within Queensland, New South Wales and Victoria, specialising in land only, land and volume speculative housing, and townhouse developments.

The reporting date of all the associated entities except GPG (No. 7) Pty Limited, is 30 June. GPG (No. 7) Pty Limited has a reporting date of 31 December. All entities listed above are Australian.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 15: INVESTMENTS IN ASSOCIATED ENTITIES (CONTINUED)

Reconciliations:

Movements in the carrying amount of the investments in associated entities under the equity accounting method are as follows:

	CVC Sustainable Investments	Pro-Pac Packaging Limited	GP (No. 7) Pty Limited	Cellnet Group Limited	Villa World Limited	Ron Finemore Transport	Other Entities (a)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2012								
Balance at the beginning of the year	1,501,600	10,397,399	8,218,540	10,392,296	-	9,846,177	180,517	40,536,529
New interests acquired	-	-	-	-	-	-	400,000	400,000
Interests disposed	-	(13,436,478)	-	-	-	-	-	(13,436,478)
Share of associates profits before tax	281,217	742,184	676,225	259,767	-	2,212,379	903,222	5,074,994
Share of associates tax (expenses)/benefit	-	(223,089)	1,254,275	-	-	(684,511)	(393,896)	(47,221)
Share of associates reserves	(270,770)	23	-	21,920	-	-	-	(248,827)
Impairment recovery	-	2,519,961	-	-	-	-	-	2,519,961
Impairment	(162)	-	-	(1,705,289)	-	-	(299,999)	(2,005,450)
Reclassification of investments	-	-	-	(8,968,694)	11,978,263	-	(389,844)	2,619,725
Balance at the end of the year	1,511,885	-	10,149,040	-	11,978,263	11,374,045	400,000	35,413,233
Year ended 30 June 2011								
Balance at the beginning of the year	2,426,136	12,240,350	7,116,615	8,541,613	-	7,160,733	180,791	37,666,238
New interests acquired	112,025	764,297	-	-	-	-	155,142	1,031,464
Share of associates profits/(losses) before tax	(439,647)	2,088,092	528,000	456,891	-	2,465,395	(21,052)	5,077,679
Share of associates tax (expenses)/benefit	(437,464)	(624,054)	573,925	-	-	220,049	118	(267,426)
Share of associates reserves	(190,761)	3,973	-	15,332	-	-	-	(171,456)
Elimination of disposal profit from associated entity	(257,485)	-	-	-	-	-	-	(257,485)
Impairment recovery	288,796	-	-	1,378,460	-	-	-	1,667,256
Impairment	-	(4,075,259)	-	-	-	-	(134,482)	(4,209,741)
Balance at the end of the year	1,501,600	10,397,399	8,218,540	10,392,296	-	9,846,177	180,517	40,536,529

(a) Other entities include Concise Asset Management Limited, CVC Wagga Wagga Unit Trust, CVC Reef Investment Managers Limited, JAK Investment Group Pty Ltd and Everten Group Pty Limited.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

	2012 \$	2011 \$
NOTE 16: PROPERTY, PLANT AND EQUIPMENT		
Total property, plant and equipment	4,128,716	17,832
Comprises:		
<i>Plant and equipment</i>		
At cost	2,343,908	38,202
Accumulated depreciation	(307,588)	(20,370)
Total property, plant and equipment	2,036,320	17,832
<i>Properties</i>		
At cost	92,396	-
At fair value (a)	2,000,000	-
Total property, plant and equipment	2,092,396	-
Reconciliation		
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	17,832	25,714
Additions arising from the acquisition of controlled entities	2,223,079	-
Additions	115,165	6,157
Disposals	(694)	-
Impairment	(31,547)	-
Depreciation	(287,515)	(14,039)
Carrying amount at the end of the year	2,036,320	17,832
<i>Properties</i>		
Carrying amount at the beginning of the year	-	-
Additions	92,396	-
Reclassification from investment properties arising from the acquisition of controlled entity	2,780,653	-
Impairment	(780,653)	-
Carrying amount at the end of the year	2,092,396	-

- (a) The fair value of the property at 96 Fairfield Street Fairfield NSW, which is leased by Battery Energy Power Solutions Pty Limited, has been determined by Directors based on the market rental yield expected to be achieved from the property. The Directors consider that the current carrying value of the property is appropriate.

	2012	2011
Capitalisation rate	14.2%	10.2%
Lease expiry	2.17 years	1.17 years
Occupancy	100%	100%

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

	2012 \$	2011 \$
NOTE 17: INVESTMENT PROPERTIES		
Investment properties	<u>38,250,000</u>	<u>74,949,158</u>
Reconciliation		
Investment properties at the beginning of year	74,949,158	83,415,653
Additions – capital expenditure	933,186	1,701,608
Reclassification to property, plant and equipment arising from the acquisition of controlled entity	(2,780,653)	-
Carrying value of investment property sold	(31,500,000)	(8,479,453)
Fair value adjustment	<u>(3,351,691)</u>	<u>(1,688,650)</u>
Total investment properties	<u>38,250,000</u>	<u>74,949,158</u>

17.1 CVC Property Fund

Investment properties	<u>32,750,000</u>	<u>67,800,000</u>
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The fair value has been determined by Directors based on independent valuations provided by Colliers International dated 16 July 2012 and with reference to the contract of sale in relation to 357 – 373 Warringah Road and 8 Rodborough Road Frenchs Forest for a sale price of \$32.0 million with settlement on or before 30 June 2014 to an unrelated party of the Group. The confidential contract of sale is conditional upon a number of pre-conditions, including rezoning.

17.2 CVC Fairfield Pty Limited

Investment property	<u>-</u>	<u>2,780,653</u>
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The property at 96 Fairfield Street Fairfield NSW was reclassified to property, plant and equipment on 19 December 2011 when Battery Energy Power Solutions Pty Limited was acquired by CVC.

17.3 CVC Knoxfield Unit Trust No. 2

Investment property	<u>5,500,000</u>	<u>4,368,505</u>
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The fair value of 1464 Ferntree Gully Road Knoxfield Vic has been determined by Directors based on an estimated sales price less selling costs. The most recent valuation received on 13 May 2011 indicates a value of \$7 million.

NOTE 18: INTANGIBLE ASSETS

Intangible assets	<u>-</u>	<u>-</u>
Reconciliations		
<i>Website development</i>		
Carrying amount at beginning of year	-	-
Arising on acquisitions of interests in controlled entities	195,599	-
Impairment	<u>(195,599)</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>-</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

	2012 \$	2011 \$
NOTE 19: TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	8,359,477	1,427,421
Sundry creditors and accruals	5,279,657	2,487,744
Goods and services tax	142,057	1,235,457
	<u>13,781,191</u>	<u>5,150,622</u>
Non-Current		
Trade and other payables	231,903	-
Unsecured loan from associated entity	4,125,000	-
	<u>4,356,903</u>	<u>-</u>

19.1 Unsecured loan from associated entity

This loan is an unsecured loan from GPG (No. 7) Pty Limited repayable by 29 November 2014.

NOTE 20: PROVISIONS

Current		
Maintenance warranties	130,000	-
Employee entitlements	1,033,295	243,874
	<u>1,163,295</u>	<u>243,874</u>
Non-Current		
Employee entitlements	584,791	71,871
	<u>584,791</u>	<u>71,871</u>

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS

Current		
Unsecured loans	539,902	539,902
Secured bank loan	19,900,000	-
Unsecured loan from associated entity	-	8,427,364
	<u>20,439,902</u>	<u>8,967,266</u>
Non-Current		
Secured bank loans	-	35,900,000
Unsecured loan from associated entity	9,196,653	-
	<u>9,196,653</u>	<u>35,900,000</u>

21.1 Secured Bank Loan

The secured bank loans from National Australia Bank attract a rate of interest of BBSY plus 1.85% per annum and are secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest New South Wales, 1 Narabang Way, Belrose New South Wales and 357-373 Warringah Road Frenchs Forest New South Wales. The terms of the loan include the maintenance of loan valuation ratio of not more than 55% and an interest cover ratio of 1.5 times with the maturity of the facilities on 31 October 2012.

21.2 Unsecured loan from associated entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 10% per annum repayable by 5 April 2017.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 22: CONTRIBUTED EQUITY

	The Company			
	2012		2011	
	Number	\$	Number	\$
Issued and paid-up ordinary share capital				
Balance at the beginning of the year	127,088,001	110,978,239	132,360,618	115,687,816
Shares bought back on market	(4,751,633)	(4,164,452)	(5,272,617)	(4,709,577)
Balance at the end of the year	<u>122,336,368</u>	<u>106,813,787</u>	<u>127,088,001</u>	<u>110,978,239</u>

On 28 November 2011 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 20,000,000 ordinary shares. At the date of this report 1,097,385 shares had been bought back under this scheme.

	2012	2011
	\$	\$
NOTE 23: RETAINED EARNINGS		
Retained earnings at the beginning of the year	48,724,233	45,012,191
Net profit attributable to members of the parent company	9,133,110	10,228,494
Dividends	(6,176,414)	(6,516,452)
Retained earnings at the end of the year	<u>51,680,929</u>	<u>48,724,233</u>

NOTE 24: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

Balance at the beginning of the year	7,242,731	7,428,873
Share of net profit	263,527	1,176,386
Acquisition/(disposal) of interests in controlled entities	11,166,097	(1,030,254)
Disposal of shares by non-controlling interest in controlled entities	(307,910)	-
Dividends paid	(3,339,877)	-
Share based payment	6,840	-
Revaluation of investments	(400,565)	(332,274)
Balance at the end of the year	<u>14,630,843</u>	<u>7,242,731</u>

The non-controlling interest at the end of the year comprises interests in:

Share capital	31,392,776	11,006,014
Asset revaluation reserve	380,692	187,764
Accumulated losses	(17,142,625)	(3,951,047)
	<u>14,630,843</u>	<u>7,242,731</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 25: OTHER RESERVES

	Asset Revaluation Reserve	Employee Equity Benefit Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$
Year ended 30 June 2012				
Reserves at the beginning of the year	(44,371)	225,458	(53,456)	127,631
Equity accounted share of reserves	(266,894)	51,554	(33,486)	(248,826)
Share based payments	-	24,783	-	24,783
Net unrealised gain on "available-for-sale" investments	2,921,696	-	105,310	3,027,006
Net unrealised gain/(loss) on "available-for-sale" investments – non-controlling interest	620	-	(18,607)	(17,987)
Acquisition of non-controlling interest	(928,939)	18,607	-	(910,332)
Realised profit on "available-for-sale" investments transferred to profit and loss	(2,167,477)	-	-	(2,167,477)
Realised loss on "available-for-sale" investments transferred to profit and loss – non-controlling interest	418,552	-	-	418,552
Reserves at the end of the year	<u>(66,813)</u>	<u>320,402</u>	<u>(239)</u>	<u>253,350</u>
Year ended 30 June 2011				
Reserves at the beginning of the year	3,633,443	165,230	288,137	4,086,810
Equity accounted share of reserves	(279,835)	60,228	48,150	(171,457)
Net unrealised loss on "available-for-sale" investments	(3,175,335)	-	(387,497)	(3,562,832)
Net unrealised gain on "available-for-sale" investments – non-controlling interest	332,274	-	-	332,274
Acquisition of non-controlling interest	147,229	-	-	147,229
Realised profit on "available-for-sale" investments transferred to profit and loss	(702,147)	-	(2,246)	(704,393)
Reserves at the end of the year	<u>(44,371)</u>	<u>225,458</u>	<u>(53,456)</u>	<u>127,631</u>

25.1 Asset Revaluation Reserve

The asset revaluation reserve includes the movement in the fair value of "available-for-sale" financial assets to the extent that they offset one another and CVC's share of the unrealised appreciation in value arising from the acquisition of a non-controlling interest in a controlled entity by CVC.

25.2 Employee Equity Benefit Reserve

The employee equity benefits reserve is used to record the value of share based payments for CVC and associated entities provided to employees, including key management personnel, as part of their remuneration.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 26: NOTES TO STATEMENT OF CASH FLOWS

26.1 Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2012 \$	2011 \$
Cash on deposit	43,108,535	17,974,188
Funds held by bank (note 28)	350,000	-
Cash and cash equivalents	<u>43,458,535</u>	<u>17,974,188</u>

26.2 Reconciliation of Profit after Income Tax to Cash (used in)/from Operating Activities

Net profit	9,396,637	11,404,880
<i>Add/(less) non-cash items:</i>		
Share of equity accounted profits	(5,027,773)	(4,810,252)
Discount on acquisition	(4,629,188)	-
Depreciation and amortisation of property, plant and equipment	287,515	14,039
Management related expenses not recovered	92,136	-
Change in fair value of investment properties	3,351,691	1,688,650
Impairment of property, plant and equipment	812,200	-
Impairment of intangible assets	195,599	-
Impairment expenses on financial instruments	13,093,898	6,855,743
Impairment recoveries on financial instruments	(3,354,502)	(3,712,006)
Profit on disposal of investments	(6,563,439)	(4,225,860)
Profit on disposal of investment properties	-	(2,957,546)
Net foreign currency (profit)/loss	(574,586)	686,775
Interest income not received	(4,695,984)	(3,634,000)
Interest expense not paid	1,104,544	954,302
Dividend income not received	(182,395)	(680,101)
Option income not received	-	(687)
Movement in current tax liabilities	(2,276,527)	4,263,863
Movement in deferred tax assets and liabilities	362,027	50,624
<i>Changes in operating assets and liabilities:</i>		
Inventories	394,879	-
Financial assets at fair value through profit or loss	(1,044,955)	-
Trade and other receivables	3,063,378	(1,234,796)
Trade and other payables	(5,183,900)	2,322,992
Provisions	175,905	72,878
Other assets	313,596	(48,006)
Net cash (used in)/provided by operating activities	<u>(889,244)</u>	<u>7,011,492</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 26: NOTES TO THE CASH FLOW STATEMENTS (CONTINUED)

	2012 \$	2011 \$
26.3 Financing Facilities		
At 30 June 2012, CVC had access to the following specific lines of credit.		
Total facilities available:		
Secured bank loan	<u>29,900,000</u>	<u>40,900,000</u>
Total facilities used:		
Secured bank loan	<u>19,900,000</u>	<u>35,900,000</u>

NOTE 27: AUDITORS' REMUNERATION

The auditor of the Company is HLB Mann Judd.

Amounts received or due and receivable to Auditors of the Company:

Audit or review of the financial report	<u>178,500</u>	<u>186,450</u>
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Amounts received or due and receivable by non HLB Mann Judd audit firm for:

Audit or review of the financial report	<u>188,266</u>	<u>23,645</u>
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The Auditors received no other benefits.

NOTE 28: COMMITMENTS AND CONTINGENCIES

28.1 Operating Lease Commitments

Non-cancellable operating lease expense

Commitments – CVC Limited and its 100% subsidiaries

Future operating lease commitments not provided for in the financial statements and payable:

- within one year	152,000	444,021
- later than one year but not later than five years	-	149,999
	<u>152,000</u>	<u>594,020</u>

Commitments – Cellnet Group Limited

Future operating lease commitments not provided for in the financial statements and payable:

- within one year	822,511	-
- later than one year but not later than five years	2,311,506	-
	<u>3,134,017</u>	<u>-</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 28: COMMITMENTS AND CONTINGENCIES (CONTINUED)

28.2 Financial Guarantees

Bank Guarantees

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2012 \$	2011 \$
CVC Limited and its 100% subsidiaries		
Bank guarantee (a)	548,437	469,837
	<u> </u>	<u> </u>
Commitments – Cellnet Group Limited		
Bank guarantee	350,000	-
	<u> </u>	<u> </u>

(a) The bank guarantee provided by CVC is secured by a fixed and floating charge.

Other Guarantee

Cyclopharm Limited is expected to raise additional equity in the 2013 financial year and CVC has provided an underwriting that it will act as underwriter. The timing of the capital raising and amount is not yet known, however CVC's commitment is not expected to exceed \$2 million.

28.3 Options

Exposure on open written option positions.

Puts		
Within 1 month	891,000	-
	<u> </u>	<u> </u>
Covered Calls		
Later than 1 month by not more than 2 months	1,075,000	-
	<u> </u>	<u> </u>

28.4 Loans

Amounts available to be drawn by borrowers under existing loan facility agreements.

Related entities	588,280	-
Unrelated entities	3,283,495	-
	<u> </u>	<u> </u>
	3,871,775	-
	<u> </u>	<u> </u>

NOTE 29: SEGMENT INFORMATION

29.1 Primary Segments - Business Segments

Information for each business segment is shown in the following tables, in round thousands, as permitted under class order 98/100.

Composition of each business segment is as follows:

- Private Equity and Venture Capital involves equity and debt investments in non-listed entities not classified as property or funds management. It includes shares, debt, convertible notes and other investments.
- Listed Investments comprises investments listed on recognised stock exchanges.
- Property comprises property finance and equity accounted property interests.
- Funds Management comprises the business and assets of the investment funds management operations.
- Controlled investees include the operations of Cellnet Group Limited and Battery Energy Power Solutions Pty Limited.

29.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 29: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2012	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Controlled Investees \$'000's	Eliminations \$'000's	Consolidated \$'000's
Revenue:							
Total revenue for reportable segments	648	12,059	14,352	755	33,802	-	61,616
Inter-segment revenue	33	2,847	2,299	6,955	-	(12,134)	-
Unallocated amounts:							
Interest income							1,853
Discount on acquisition							4,629
Consolidated revenue							68,098
Equity accounted income	3,458	779	-	791	-	-	5,028
Results:							
Total profit for reportable segments	568	(403)	6,349	204	(519)	-	6,199
Unallocated amounts: corporate expenses							(1,830)
Share of profit of equity accounted associates							5,028
Consolidated profit after tax							9,397
Assets:							
Segment assets	11,061	32,789	85,399	2,059	25,148	(4,929)	151,527
Unallocated amounts:							
Cash and cash equivalents							38,333
Equity accounted investments							35,413
Other assets							282
Total assets							225,555
Liabilities:							
Segment liabilities	4,750	32	30,357	399	12,663	-	48,201
Unallocated amounts:							
Other liabilities							3,975
Total liabilities							52,176

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 29: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2011	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Eliminations \$'000's	Consolidated \$'000's
Revenue:						
Total revenue for reportable segments	406	7,535	19,631	1,241	-	28,813
Inter-segment revenue	-	-	4,165	6,713	(10,878)	-
Unallocated amounts: interest income						1,618
Consolidated revenue						30,431
Equity accounted income	3,787	1,920	-	(897)	-	4,810
Results:						
Total profit for reportable segments	406	225	12,918	1,059	-	14,608
Unallocated amounts: corporate expenses						(8,013)
Share of profit of equity accounted associates						4,810
Consolidated profit after tax						11,405
Assets:						
Segment assets	5,704	42,367	112,874	1,586	-	162,531
Unallocated amounts:						
Cash and cash equivalents						17,974
Equity accounted investments						40,537
Other assets						128
Total assets						221,170
Liabilities:						
Segment liabilities						
Unallocated amounts:						
Other liabilities	-	598	46,975	703	-	48,276
Total liabilities						5,821
						54,097

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 30: RELATED PARTY INFORMATION

30.1 Key Management Personnel

The only key management personnel of the Company are the Directors.

The names of each person holding the position of Director of CVC during the financial year are:

Vanda Russell Gould
John Scott Leaver
John Douglas Read
Alexander Damien Harry Beard

Details of Directors' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this financial report, no Director has entered into a contract with the Company or CVC since the end of the previous financial year and there were no contracts involving Directors' interests existing at year-end.

30.2 Loans to Key Management Personnel

The details of the loans to Directors and key management personnel have been included in the Remuneration Report.

30.3 Loans with Related Parties

The following represent loans to and from related parties with CVC and its controlled entities during the financial year.

	2012	2011	Interest Rate
	\$	\$	%
<i>Loans Receivable</i>			
CVC Sustainable Investments No.2 Limited	699,314	18,958	0%
CVC Wagga Wagga Unit Trust	4,985,581	5,498,957	20.0%
Impairment of loan – CVC Wagga Wagga Unit Trust	(2,005,581)	(1,998,957)	
CVC REEF Limited	-	1,889,224	6.5%
Impairment of loan - CVC REEF Limited	-	(1,563,991)	0%
Concise Asset Management Limited	947,941	1,035,399	8.5%
Impairment of loan – Concise Asset Management Limited	(947,941)	(1,035,399)	
Battery Energy Power Solutions Pty Limited	-	720,625	10%
Kiedis Investments Pty Limited	1,328,431	1,096,438	10%
Phillips River Pty Limited	-	227,585	0%
Subaru Limited	275,993	-	15%
IGS Enterprises Pty Limited	2,798,512	-	15%
Everten Group Pty Limited	1,173,954	-	(a)
<i>Loans Payable</i>			
Winten (No. 20) Pty Limited	9,832,344	8,993,985	10%

(a) The interest rate is variable and is calculated at a 4% margin above the 90 day Australian Bank Bill Rate and resets each quarter.

30.4 Shares issued by controlled entity

On 28 May 2012 Battery Energy Power Solutions Pty Limited issued 10% of its ordinary shares to an entity related to Alexander Damien Harry Beard. The issue price of \$107 was based on an independent valuation prepared by Hall Chadwick Corporate (NSW) Limited for the purpose of the acquisition of the company by CVC on 19 December 2011. Refer note 2.2.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 30: RELATED PARTY INFORMATION (CONTINUED)

30.5 Other Transactions

The following represent income and expenditure generated from transactions with related parties with CVC and its controlled entities during the financial year.

	2012		2011	
	Paid	Received	Paid	Received
	\$	\$	\$	\$
<i>Management and consulting fees:</i>				
CVC Reef Limited	-	-	-	15,000
CVC Sustainable Investments Limited	-	87,163	-	115,773
CVC Sustainable Investments No. 2 Limited	-	72,811	-	157,643
Amadeus Energy Limited	-	50,000	-	50,000
Cellnet Group Limited (b)	-	27,250	-	54,500
Cyclopharm Limited	-	105,133	-	-
Dolomatrix International Limited	-	47,500	-	55,000
Mnet Group Limited	-	-	-	29,875
The Environmental Group Limited	-	-	-	24,500
Battery Energy Power Solutions Pty Limited (c)	35,000	-	30,000	-
Villa World Limited	-	51,350	-	-
<i>Interest income</i>				
IGS Enterprises Pty Limited	-	193,304	-	-
Subaru Limited	-	25,993	-	-
Kiedis Investments Pty Limited	-	231,993	-	96,483
Everten Group Pty Limited	-	7,022	-	-
Battery Energy Power Solutions Pty Limited (c)	-	37,254	-	68,568
Concise Asset Management Limited	-	87,542	-	82,563
Cyclopharm Limited	-	2,410	-	-
<i>Dividend and distribution income</i>				
Cellnet Group Limited (b)	-	996,538	-	284,720
Dolomatrix International Limited	-	564,684	-	-
Vita Life Sciences Limited	-	40,261	-	40,342
CVC REEF Investment Managers Limited (c)	-	299,999	-	-
Concise Mid Cap Fund	-	30,541	-	27,562
Villa World Limited	-	-	-	350,721
Pro-Pac Packaging Limited	-	-	-	764,297
<i>Other amounts</i>				
Battery Energy Power Solutions Pty Limited - Rent	-	142,380	-	284,760
Melbourne Corporation of Australia Pty Limited -				
Secretarial (a)	44,100	-	44,100	-
Winten (no. 20) Pty Limited - Borrowing costs	1,104,544	-	954,302	-

(a) Private companies associated with Mr Gould.

(b) Amounts relate to the period prior to deemed acquisition on 1 January 2012. Refer note 2.

(c) Amounts related to transaction prior to acquisition on 19 December 2011. Refer note 2.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

CVC's activities expose it to a variety of financial risks: market risk (including market price risk, interest rate risk and currency risk), credit risk and liquidity risk. CVC's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and price risk.

The responsibility for operational risk management resides with the Board of Directors who seeks to manage the exposure of CVC. There have been no significant changes in the types of financial risks, or CVC's risk management program (including methods used to measure the risks) since the prior year.

31.1 Interest Rate Risk

CVC's exposure to interest rate risks of financial assets and liabilities both recognised and unrecognised at the reporting date are as follows:

		Note	Floating Interest Rate \$	Fixed Interest 1 Year or Less \$	1 to 5 Years \$	Non Interest Bearing \$	Total \$
2012:							
Financial assets							
Cash and cash equivalents	26		19,184,113	24,273,920	-	502	43,458,535
Loans and other receivables	9		1,173,954	38,832,009	7,527,196	14,265,667	61,798,826
Financial liabilities							
Trade and other payables	19		-	-	-	18,138,094	18,138,094
Interest bearing liabilities	21		19,900,000	539,902	9,196,653	-	29,636,555
2011:							
Financial assets							
Cash and cash equivalents	26		8,706,392	9,267,251	-	545	17,974,188
Loans and other receivables	9		-	24,905,392	13,686,134	934,497	39,526,023
Financial liabilities							
Trade and other payables	19		-	-	-	5,150,622	5,150,622
Interest bearing liabilities	21		35,900,000	8,967,266	-	-	44,867,266

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.1 Interest Rate Risk (Continued)

CVC holds a significant amount of cash balances which are exposed to movements in interest rates. To reduce the risk CVC typically deposits uncommitted cash with financial institutions at fixed rates with maturity of between 30 – 90 days. Interest bearing loans and receivables are made at fixed rates. CVC is not charged interest on outstanding trade and other payable balances. CVC enters into loans and borrowings with fixed rates of interest when it is considered commercial and necessary to manage cash flows.

Sensitivity

At reporting date, if interest rates had been 50 basis points lower (2011: 50 basis points lower) and the other variables were held constant, then the impact on CVC would be:

	Decrease of 50 bp \$
2012	
Net loss	(95,508)
Equity decrease	(95,508)
2011	
Net profit	106,068
Equity increase	106,068

31.2 Price Risk

CVC has investments in listed securities which could be adversely affected if general equity market values were to decline. CVC also has investments in unlisted securities however these are less susceptible to movements in value as a result of market sentiment as they are valued based on operational fundamentals. CVC does not hedge its exposure to the risk of a general decline in equity market values, believing that such strategies are not cost-effective.

Sensitivity

At reporting date, if equity prices had been 10% higher/(lower) while all other variables were held constant the impact would be:

	Increase of 10% \$	Decrease of 10% \$
2012		
Net profit/(loss)	502,699	(502,699)
Equity increase/(decrease)	4,108,154	(4,108,154)
2011		
Net profit/(loss)	1,189,390	(1,189,390)
Equity increase/(decrease)	5,524,634	(5,524,634)

31.3 Credit Risk Exposure

Credit risk refers to the loss that CVC would incur if a debtor or counterparty fails to perform under its obligations. The carrying amounts of financial assets recognised in the statement of financial position best represent CVC's maximum exposure to credit risk at reporting date. CVC seeks to limit its exposure to credit risk by performing appropriate background investigations on counterparties before entering into arrangements with them and to seek collateral with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC's significant concentration of credit risk relates to deposits held with financial institutions, which is mitigated by the requirement that deposits are only held with institutions with an "investment grade" credit rating, and loans made to various entities, which are mitigated by collateral held with a value in excess of the counterparty's obligations to CVC, providing a "margin of safety" against loss.

CVC minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.4 Liquidity Risk

CVC manages liquidity risk by maintaining sufficient cash balances and holding liquid investments that could be realised to meet commitments. CVC continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details CVC's contractual liabilities.

	Less than 6 months \$	6 months to 1 Year \$	1 to 5 Years \$	Greater than 5 Years \$	Total \$
2012					
Trade and other payables	13,612,253	-	4,293,938	231,903	18,138,094
Interest bearing liabilities	19,900,000	539,902	9,196,653	-	29,636,555
2011					
Trade and other payables	4,885,423	265,202	-	-	5,150,625
Interest bearing liabilities	-	539,902	44,327,364	-	44,867,266

31.5 Currency Risk

Currency risk is measured using sensitivity analysis. A portion of CVC investments are in companies listed on foreign exchanges and so is exposed to a decline in the values of those currencies relative to the Australian dollar. Considering the quantum of the investments in absolute terms as well as relative terms compared to CVC's total investment portfolio it is not cost-effective to hedge against foreign exchange fluctuations.

Foreign currency sensitivity

CVC is exposed to the Malaysian ringgit (MYR), Great Britain Pound (GBP) and US dollar (USD). The following table details CVC's sensitivity to a 10% change in the Australian dollar against the respective currencies with all other variables held constant as at reporting date for unhedged foreign exchange exposure. A positive number indicates an increase in net profit/equity.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on a historic basis and market expectations for future movement.

	Increase in AUD of 10% \$	Decrease in AUD of 10% \$
MYR		
2012		
Net profit/(loss)	-	-
Equity increase/(decrease)	(61,298)	74,919
2011		
Net profit/(loss)	-	-
Equity increase/(decrease)	(497,061)	620,041
USD		
2012		
Net profit/(loss)	99,041	(82,837)
Equity increase/(decrease)	(25,853)	104,642
2011		
Net profit/(loss)	-	-
Equity increase/(decrease)	(126,102)	154,125

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 31: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

31.5 Currency Risk (Continued)

	Increase in AUD of 10%	Decrease in AUD of 10%
	\$	\$
GBP		
2012		
Net profit/(loss)	-	-
Equity increase/(decrease)	(39,391)	48,145
2011		
Net profit/(loss)	-	-
Equity increase/(decrease)	(497,061)	620,041

31.6 Fair Value of Financial Assets and Liabilities

CVC uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price (Level 1)	Valuation technique – market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)	Total
	\$	\$	\$	\$
Year ended 30 June 2012				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	17,942,473	5,227,467	-	23,169,940
Public unlisted investments – at market value	-	910,352	-	910,352
Other investments – at cost	-	3,037,000	2,289,264	5,326,264
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	4,927,964	-	-	4,927,964
	<u>22,870,437</u>	<u>9,174,819</u>	<u>2,289,264</u>	<u>34,334,520</u>
Year ended 30 June 2011				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	31,530,142	10,785,966	-	42,316,108
Public unlisted investments – at market value	-	1,036,345	-	1,036,345
Other investments – at cost	-	-	4,382,590	4,382,590
	<u>31,530,142</u>	<u>11,822,311</u>	<u>4,382,590</u>	<u>47,735,043</u>

Reconciliation of Level 3 fair value movements:

	2012	2011
	\$	\$
Balance at the beginning of the year	4,382,590	3,761,336
Purchase	1,514,265	350,000
Redemption of redeemable preference shares	(3,325,000)	271,254
Derecognition on acquisition of controlled entity	(180,000)	-
Losses recognised in other comprehensive income	(861)	-
Reclassification between level 1	(101,730)	-
Balance at the end of the year	<u>2,289,264</u>	<u>4,382,590</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 32: EVENTS SUBSEQUENT TO YEAR END

A final dividend in respect of the year ended 30 June 2012 of 3 cents per share was declared on 20 August 2011 to be paid on 7 September 2012 to those shareholders registered on 31 August 2012.

Other than as set out above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of CVC, the results of those operations or the state of affairs of CVC in future financial years.

NOTE 33: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CVC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

33.1 Loans to other corporations

An impairment has been raised against certain loans to other corporations of \$76,689 (2011: \$30,000) that have a carrying value of \$38,353,644 (2011: \$34,056,710). The recoverable amount has been assessed in note 9.

33.2 Loans to related entities

CVC has provided a subordinated loan of \$947,941 (2011: \$1,035,399) to Concise Asset Management Limited, a boutique fund manager focused on investments in ASX listed entities of which CVC holds a 49% interest and Mr Beard is a director.

CVC has provided loans of \$4,985,581 (2011: \$5,498,957) to CVC Wagga Wagga Unit Trust of which an impairment has been raised of \$2,005,581 (2011: \$1,998,957). The Trust is focused on the development of bulky goods properties which CVC holds a 50% interest and Mr Beard is a director. The recoverable amount has been assessed in note 9.

33.3 Trade receivables

The recoverable value of trade receivables has been assessed in note 9.

33.4 Available-for-sale investments

The fair value of the investments has been assessed in note 10.

33.5 Inventories

The fair value of the inventories has been assessed in note 12.

33.6 Investments accounted for using the equity method – listed investments

The investment in Villa World Limited has a carrying value of \$11,978,263 and the fair value has been assessed at note 14.

33.7 Absence of active market

In calculating the fair value of Resource Generation Limited (note 10), Mnet Group Limited (note 10), Vita Life Sciences Limited (note 10), Villa World Limited (note 15) and Silver Bird Group Bhd (note 10) CVC has determined that an active market does not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalisation is small such that larger institutions do not hold significant shareholdings. However the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation of each company.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

NOTE 33: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

33.8 Investments accounted for using the equity method – unlisted investments

The investment in GPG (No. 7) Pty Limited ("GPG") has a carrying value of \$10,149,040 (2011: \$8,218,540) and no impairment recovery was made. CVC has discounted net tangible asset backing to reflect an estimate of the recoverable value of assets of the company to reflect the current trading environment. If the discount is +/- 10% the impact on the carrying value of GPG is +/- \$1,014,904.

CVC Sustainable Investments has a carrying value of \$1,511,885 (2011: \$1,501,600) following an impairment charge during the year of \$162 (2011: impairment recovery of \$288,796).

Concise Asset Management Limited has a carrying value of nil.

JAK Investment Group Pty Limited has a carrying value of nil.

Everten Group Pty Limited was acquired on 1 June 2012 and has a carrying value of \$400,000.

The recoverable amounts have been assessed in note 15.

33.9 Property, plant and equipment

The recoverable value of property, plant and equipment have been assessed in note 16.

33.10 Investment properties

The recoverable value of investment properties have been assessed in note 17.

33.11 Intangible assets

An impairment of \$195,599 has been raised in relation to the intangible assets of \$195,599 relating to website development costs of OYT Pty Limited. Refer note 18.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
DIRECTORS' DECLARATION
For the Year Ended 30 June 2012

In the opinion of the Directors of CVC Limited:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (c) 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
- (d) the audited remuneration disclosures set out on pages 6 to 7 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ending 30 June 2012.

Dated at Sydney 31 August 2012.

Signed in accordance with a resolution of the Board of Directors.



VR Gould
Director



ADH Beard
Director

CVC LIMITED**INDEPENDENT AUDITOR'S REPORT**

To the members of CVC Limited:

Report on the Financial Report

We have audited the accompanying financial report of CVC Limited ("the Company"), which comprises the statement of financial position as at 30 June 2012, the statement of financial performance, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity as set out on pages 10 to 58. The consolidated entity comprises the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of CVC Limited, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT (continued)***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Limited on 31 August 2012, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of CVC Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of CVC Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.


HLB MANN JUDD
Chartered Accountants

Sydney
31 August 2012


M Muller
Partner

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of CVC. The Board is required to act with integrity, honesty, in good faith and in the best interest of the Company as a whole in the execution of its duties including setting, guiding and monitoring the business and affairs of the Company, including risk management, and compliance with regulatory, legal and ethical standards. The Board is responsible for the oversight of reporting to the shareholders by whom they are elected and to whom they are accountable. At the date of this report the Directors in office are as follows:

Vanda Russell Gould (Chairman)	- Appointed 31 October 1996. Also a Director from 1984 to 1994, member of the audit committee
Alexander Damien Beard (Managing Director)	- Appointed 17 August 2000, member of the audit committee
John Scott Leaver	- Appointed 29 May 1984
John Douglas Read	- Appointed 20 March 1989, member of the audit committee

Appointment to the Company and the Board is dependant on skills, experience and other qualifications rather than solely on achieving a pre-specified diversity target. Details of skills, experience and other qualifications of Directors, including numbers and attendances of Board and audit committee meetings, are included in the Directors' Report. Given the size and scale of the organisation the Board of Directors have not adopted a policy and measurable targets in relation to diversity but notes that currently 50% of the Company's employees are women.

The Board considers that CVC seeks to comply, where appropriate, with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. Where CVC does not comply, this is primarily due to the current size, scale and nature of the operations. The Council recognises that "a one size fits all" approach maybe inappropriate. Companies are at liberty to determine whether each recommendation is appropriate. Different companies face different circumstances hence some recommendations are unnecessary or may even be counter-productive. In particular it acknowledged that it may be inappropriate or uneconomic for smaller companies, such as CVC, to follow the same rules as Australia's largest listed companies. The Council has issued recommendations and require companies to adopt an 'if not why not' approach to reporting compliance, requiring companies to identify the recommendations that have not been followed and give reasons for not following them.

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2012, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises four Directors.

The Chairman is responsible for leading the Board, ensuring the Board's activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings. Given his stewardship over almost the whole of the life and the growth of the Company, the Board believes Mr Gould remains an appropriate Chairman for the Company.

Messrs Gould and Leaver are the founding Directors of the Company, have significant ownership interests in the Company and bring invaluable experience and expertise to the Company.

The Managing Director is responsible for the management and operation of the Company. Those powers not specifically reserved to the Board and which are required for the management and operation of the Company, are conferred on the Managing Director.

Mr Read is chairman of the audit committee, but because he has been on the Board of the Company for more than twenty years, he is not considered independent. Further information in relation to the audit committee can be found in the Directors Report to the financial report.

The Board believes that the current structure of the Board operates effectively and efficiently, allowing the Board to collectively exercise its authority without the need for many sub-committees and is appropriate for the size of the Company. Further, the Board has considered the competencies and experience of each of the Directors and believes that it is not in the interests of shareholders to seek to replace any of the current Board members.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2012:

- having a majority of independent Directors;
- having an independent Chairman;
- having an audit committee with an independent chairman, a majority of independent Directors or non-executive Directors;
- having a nomination committee of the Board;
- having a remuneration committee of the Board; and
- having a policy and measurable targets to achieve gender diversity.

Costs and Benefits of Compliance

A number of the recommendations require the formal documentation of policies and procedures that the Company already substantially performs. The Company considered that to create such documentation independently and specifically for the Company, and create separate Boards and sub-committees to satisfy the requirements of the Corporate Governance Principles and Recommendations would have had minimal additional benefit but substantial additional expense. The Company is also mindful to not adopt such procedures and structures solely for the sake of adoption or where they could actually inhibit the proper function or development of the Company.

The Board has determined that the adoption of such formal policies and procedures must be tailored to the Company at minimal expense and must be appropriate for the Company, taking into account the size and complexity of its operations. The Company is currently considering the adoption and implementation of the following recommendations:

- a formal charter for the audit committee of the Company;
- written policies and procedures to ensure compliance with ASX listing rules disclosure requirements;
- a process for performance evaluation of the Board, its committees and individual Directors; and
- a code of conduct.

Other Information

The Company has a policy of allowing Directors to take reasonable independent legal advice in the furtherance of their duties at the expense of the Company.

The Board, in conjunction with the Audit Committee, is responsible for ensuring that there is an adequate oversight and management of material business risks facing the Company. The Board ensures that there are appropriate systems in place to identify, assess, monitor and manage market, operational and compliance risks. This is achieved via a strong control environment, accountability and review of risk profiles.

In respect of the year ended 30 June 2012, the Managing Director and the Chief Financial Officer have provided certifications to the Board in relation to the presentation of the financial reports and the operation of the risk management and internal control system.

The Company did not perform a performance evaluation of the Board and its members during the year ended 30 June 2012.

When applicable, remuneration of non-executive Directors is in accordance with resolutions of shareholders in the general meeting. The Company does not have any schemes for retirement benefits, other than statutory superannuation for non-executive Directors. The details of remuneration paid to Directors are disclosed in the Remuneration Report.

In accordance with the ASX Continuous Disclosure requirements, the Company ensures that price sensitive information is released to the market on a timely basis including through the annual and half-yearly reports. Additional information regarding the operation of CVC can be found at www.cvc.com.au, by contacting the Company directly or by attending the annual general meeting.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION

The following information was current as at 24 August 2012.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:-

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	157
1,001 - 5,000	341
5,001 - 10,000	210
10,001 - 100,000	304
100,001 - over	79
Total	<u>1,091</u>

Unmarketable parcels

	Minimum parcel size	Number of shareholders
Minimum \$500.00 parcel at \$0.90 per share	556	93

On market share buy-back

The Company has a current on market share buy-back which commenced on 28 November 2011.

Substantial holders

The names of the Company's substantial holders and the number of ordinary shares in which each has a relevant interest as disclosed in substantial holder notices given to the Company are as follows:

Shareholder	Number of ordinary shares in which interest held
Leagou Pty Limited	20,704,611
Southsea (Aust.) Pty Limited	17,610,506
Bennett Estates Limited	15,575,978
Derrin Brothers Properties Limited	7,899,259
Executive Recruitment Services Limited	6,661,235

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
ADDITIONAL INFORMATION (CONTINUED)

20 largest shareholders - ordinary shares

As at 24 August 2012, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Leagou Pty Limited	19,000,000	15.53
Southsea (Aust.) Pty Limited	17,610,506	14.40
Bennett Estates Limited (formerly Penalton Pty Limited)	15,575,978	12.74
Derrin Brothers Properties Limited	7,899,259	6.46
Executive Recruitment Services Limited	6,661,235	5.45
J K M Securities Pty Limited	5,650,000	4.62
Southgate Investment Funds Limited	5,500,000	4.50
Chemical Trustee Limited	4,861,741	3.98
Saudi Film Investments Fund Limited	3,264,711	2.67
Lloyds & Casanove Investment Partners Limited	2,432,568	1.99
Leagou Pty Limited	1,704,611	1.39
Warman Investments Pty Limited	1,250,000	1.02
Mr Nigel Cameron Stokes	1,017,271	0.83
Dr Raymond Joseph Healey	808,817	0.66
Wenola Pty Limited	805,000	0.66
LJK Investments Pty Limited	800,000	0.65
Wenola Pty Limited	700,000	0.57
Melbourne Corporation of Australia Pty Limited	578,608	0.47
Mr Alexander Beard	576,413	0.47
Ms Valerie May Vogt	560,678	0.46
	<u>97,257,396</u>	<u>79.52</u>

Voting Rights

The Company's constitution details the voting rights of members and states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

Registered Office

The Company is registered and domiciled in Australia. Its registered office and principal place of business are at Level 42, 259 George Street, Sydney, NSW 2000.