

RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 30 JUNE 2018

GROUP HIGHLIGHTS

Momentum has continued, translating into growth in earnings	Underlying Total Comprehensive Income ¹ : \$27.1m up 18.1% from \$22.9m in FY2017 Total Comprehensive Income to shareholders ¹ : \$22.7m, up 8.4% from \$21.0m in FY2017 Income: \$65.2m, up 38.3% from \$47.2m in FY2017
Balance Sheet Strength	Net Tangible Assets of \$206.2m
Growth in Total Shareholder Returns	Total shareholder return for the past 20 years of 21.9% per annum Total shareholder return for 2018 of 53.4% compared to 39.6% for FY2017

¹ As a result of changes in accounting standards during the financial year Total Comprehensive Income provides a more consistent comparison of the operating results of CVC for both the current financial year and the 2017 prior corresponding period comparatives.

The 2018 financial year represents another strong performance for CVC. The financial year has generated an underlying profit after tax of \$27.1 million, an improvement of 18.1% over the 2017 financial year result and a profit after tax to shareholders of \$22.7 million, an 8.4% improvement on last year's result of \$21.0 million.

Underlying Results			
	FY2018	FY2017	Change (%)
Total income	\$65.2 m	\$47.2 m	38.3%
Underlying Total Comprehensive Income ¹	\$27.1 m	\$22.9 m	18.1%
Total Comprehensive Income to shareholders ¹	\$22.7 m	\$21.0 m	8.4%
Comprehensive Income per share to shareholders ¹	19.0 cps	17.5 cps	8.4%
Ordinary dividends	15.0 cps	13.0 cps	15.4%
Special dividend	-	10.0 cps	-
Net tangible assets	\$206.2 m	\$198.4 m	3.9%
Total shareholder return	53.4%	39.6%	34.8%

¹ As a result of changes in accounting standards during the financial year Total Comprehensive Income provides a more consistent comparison of the operating results of CVC for both the current financial year and the 2017 prior corresponding period comparatives.

Highlights for the 2018 financial year include:

- Headline comprehensive income after tax of \$27.1 million (2017: \$22.9 million);
- Significant contribution from each of the major investment segments, with maintainable earnings continuing to increase;
- Conditional sale of development land owned in joint venture with Villa World in Donnybrook, Victoria generating an anticipated profit of \$49 million on a staged basis over 4 years;
- Negotiated significantly more favourable terms for the Marsden park Project Delivery Agreement (PDA) which will result in enhanced future profitability;

- Continued strong performance of the listed equities portfolio, with additions and subtractions to the core portfolio;
- Oversubscribed convertible note issue of \$60 million;
- Significant advances made in planning approvals of property projects at Marsden Park, Liverpool, Turrella, Kingsgrove and Caboolture;
- Successful secondary capital raising of \$16.6 million by Eildon Capital Limited (ASX: EDC);
- Continued growth of private equity portfolio with the progression of new investment opportunities, and the sale of the investment in South Pack Laboratories (Aust) Pty Limited;
- Investment into growing debt managers including Aus Finance Group, Bigstone Capital Pty Limited and Australian Invoice Finance Limited; and
- Fully franked dividends of 15 cents per share during the year, representing a 15.4% increase in the 2017 ordinary dividends paid of 13 cents per share, including a final dividend of 8 cents per share payable on 5 September 2018.

CVC continues to deliver strong earnings, increased dividends and identification of new opportunities to underpin future returns. The financial results for the year do not reflect the value from a number of activities that are expected to contribute significantly to profits over the coming years commencing during the 2019 financial year. These include, but are not limited to:

- The property at Port Macquarie has commenced construction of a Bunnings store and ancillary bulky goods which has been on-sold for approximately \$44 million, which is forecast to be completed in Q1 2019 which will deliver on completion a further pre-tax, pre-minority interest profit of \$10 million.
- Probiotec Limited (ASX: PBP) to execute its value extraction strategy with the share price increasing from \$1.15 as at 30 June 2018 to \$1.70 as at 28 August 2018 underpinned by a sale of non-core assets and brands.
- On 20 December 2017 it was announced that the balance of the Donnybrook property has been sold on a structured basis. This will underpin the future profitability of CVC for the 4 financial years following settlement. Settlement of the property is expected to commence in the 2020 financial year following rezoning.
- Progress continues to be made on the rezoning of the property at Marsden Park North as well as significantly improved PDA terms negotiated with Mirvac Homes (NSW) Pty Limited, to progress the site to development. It is forecast that the project will commence contributing to profits in the 2021 financial year.
- CVC has completed the construction of the Caltex service centre at the Caboolture property and is progressing to the next stage, being the development of the retail centre. It is forecast that the project will commence contributing to profits in the 2020 financial year.

YEAR IN REVIEW

CVC's listed equity portfolio generated returns from a number of significant shareholdings and transactions. The listed equity sector remains a focus. We continue to strengthen our investment team to take advantage of opportunities in this sector.

CVC's property portfolio is a major source of recurrent earnings and capital growth. During the year, in addition to the completion of the conditional sale of the Donnybrook property, significant contributions from property developments included completion of the Medical Centre in Yarrabilba and the Caltex travel centre in Caboolture.

Further progress in the development of strategic land holdings has been made during the year from the projects at Liverpool, Marsden Park, Caboolture, Kingsgrove and Turrella.

The loan portfolio comprises a combination of property loans to developments as well as commercial loans to businesses. The portfolio continues to grow as deal flow remains strong and mainstream lenders continue to withdraw from riskier parts of the market, creating significant opportunities for CVC over the longer term. The capital market for the provision of loan finance solutions is expected to continue to generate consistent long term recurrent income streams.

CVC continues to grow its funds management segment. CVC rolled out new offerings from its core investment strategies to provide investors with the opportunity to directly invest in those specific strategies. CVC also supported the development of external fund managers including seeding investment vehicles that are synergistic with the investment philosophy of CVC. This includes Bigstone Capital Pty Limited, Australian Invoice Finance Limited, and a number of new managers. These new strategies will complement the existing portfolio and contribute to ongoing profitability via recurrent management fees and performance fees.

CVC successfully completed an oversubscribed issue of \$60 million of convertible notes that provides an additional source of finance for CVC, and results in a more efficient and effective use of CVC's balance sheet. Based on CVC's targeted return on investments of 15% and the interest cost of the convertible notes, the raising is forecast to result in an annualised increase in net earnings of approximately 3 cents per share after tax once the funds are fully deployed.

A summary of the operating results for the financial year are as follows:

	2018 \$	2017 \$
Listed investments	14,894,562	14,067,732
Private equity and venture capital	2,223,700	13,340,840
Property	24,194,854	7,312,198
Funds management	547,958	803,296
Controlled investees	-	1,478,407
Unallocated	(9,128,770)	(7,853,563)
Tax effect	(5,659,662)	(6,256,720)
Total Comprehensive Income	27,072,642	22,892,190

Listed Investments:

CVC's active listed investment management strategy continued to generate attractive returns for the group, with the acquisition of a number of shareholdings in undervalued entities, and working with these entities to generate significant returns. The total contribution to profit amounted to \$14.9 million (2017: \$14.1 million), which has been predominately achieved from value appreciation, while distributions contributed \$4.1 million (2017: \$2.9 million) during the year. The portfolio includes a diverse range of holdings, from short term positions to long held cornerstone positions both in Australia and internationally.

During the year contributions were generated from Probiotec Limited (ASX: PBP) following the sale of South Pack Laboratories (Aust) Pty Limited in a cash and scrip transaction. Shares in Probiotec Limited were issued at 51 cents per share. The substantial re-rating of the company has seen the Probiotec share price increase to \$1.15 at 30 June 2018, and has increased further to \$1.70 at 28 August 2018. This has generated a contribution of \$3.5 million during the 2018 financial year.

Other significant contributions during the 2018 financial year include:

- Bionomics Limited (ASX: BNO) of \$3.3 million;
- Cyclopharm Limited (ASX: CYC) of \$1.8 million;
- Eildon Capital Limited (ASX: EDC) of \$1.3 million; and
- Telix Pharmaceuticals Limited (ASX TLX) of \$1.5 million.

CVC creates significant value through its active management of large strategic listed equity investments that it identifies as undervalued, counter-cyclical or underperforming.



Counter Cyclical Investments – Look to acquire an interest in companies that have fallen out of favour due to cyclical conditions or poor management that can be understood and can be managed back to a positive outcome. These often have a 2-5 year investment horizon.



Dividends – Provides profitability for longer term holdings and franking credit source



Options and Underwriting – Participation in options, underwritings and placements to generate additional income and investment performance.



Targeted Returns – CVC's Listed Equity portfolio targets >15%pa returns over the portfolio



Capital Protection – Value based investment style underpinning investment thesis

Private Equity

The total contribution to profit of \$2.2 million (2017: \$13.3 million) includes the results of equity accounted investments. The sale of CVC's investment in South Pack Laboratories (Aust) Pty Ltd during the financial year to Probiotec Limited (ASX: PBP) generated a before tax profit of \$1.9 million.

The investment in CleanSpace safety product manufacturer, PAFtec Pty Limited, continues to execute on its growth strategy, with expansion of its markets from Australia to include Europe, North America and developing Asian markets.

CVC made a number of smaller investments into earlier stage companies with a view to longer term value creation. CVC continues to seek investment opportunities in private companies, and expects that investment conditions may present more opportunities in the next 12 – 18 months.

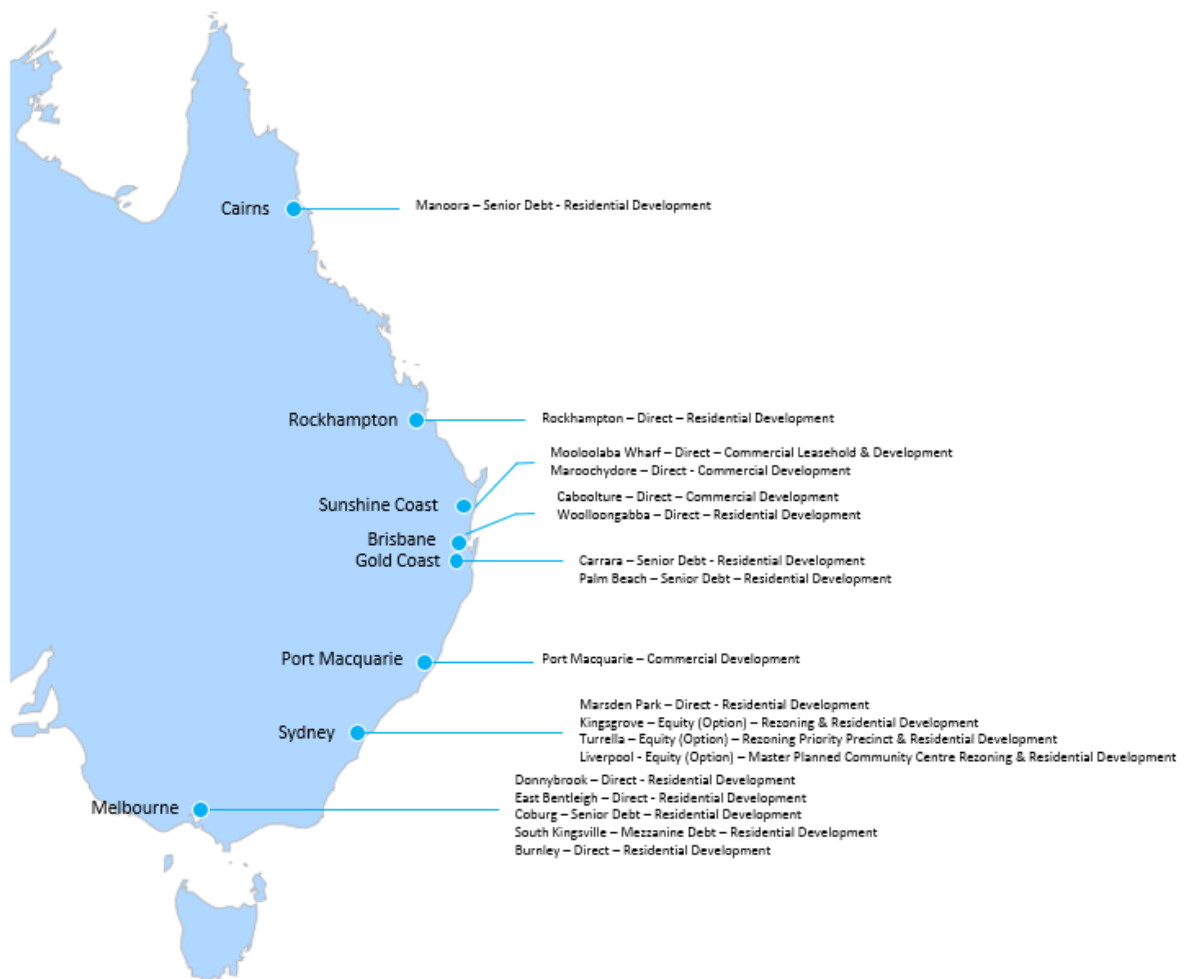
Property

Total contribution to profit was \$24.2 million (2017: \$7.3 million) net of project specific borrowing costs of \$1.8 million. The result for the year was directly attributed to a number of activities during the year including:

- Completion of the development and sale of a medical centre at Yarrabilba, Queensland which generated a project profit of \$4.8 million;
- Interest related income generated from the provision of loan finance facilities of \$8.6 million;
- Completion of the development of the Caltex travel centre, generating a project profit of \$1 million; and
- Profit generated from the property at Port Macquarie, New South Wales of \$11.2 million, including an uplift in the value of the Bunnings and associated bulky goods centre arising from the sale of the land component of the site as part of a project delivery agreement with the buyer.

Subsequent to year end, CVC settled the sale of the property at Port Macquarie, New South Wales on 7 August 2018 with development of the site expected to be completed by February 2019.

In addition to the conditional sale of the property in Donnybrook, Victoria, CVC continues to progress the planning approvals for that site as well as other projects such as Marsden Park North in New South Wales and East Bentleigh in Victoria. Additionally, CVC continues to progress the repositioning and development of the Caboolture and Mooloolaba projects in Queensland. All projects provide long term development pipelines once planning outcomes have been achieved of retail, commercial and residential uses.



CVC's property portfolio provides a combination of recurrent income streams, such as interest and associated fee income from loans, rental income from direct property investments and capital growth in the underlying assets. This objective is driven by investment in both direct and indirect property assets, with the portfolio spanning the residential, commercial, retail and industrial sectors. The focus is to provide loans or make direct property investments to take full advantage of changing market cycles.

Deal flow remains strong for lending opportunities and continues to grow, especially as mainstream lenders continue to withdraw from riskier parts of the market, creating significant opportunities for CVC over the longer term. The capital market for the provision of loan finance solutions is expected to generate consistent long term recurrent income streams. In addition, CVC continues to review opportunities to acquire quality long term direct property holdings capable of generating an income stream whilst repositioning the asset via planning outcomes for substantial future capital gain.

Funds Management

The contribution to profit for this segment was \$0.5 million (2017: \$0.8 million). During the financial year, CVC continued to make investments to provide seed and growth capital for funds management businesses, including Australian Invoice Finance Limited and Bigstone Capital Pty Limited, both private debt focused businesses.

Eildon Capital completed a capital raising on 17 January 2018 raising \$16.6 million at \$1.05 per share giving it a market capitalisation of approximately \$50.0 million. The capital raising provides Eildon Capital with additional funds to deploy into further investment opportunities, and will contribute to the future performance of the funds management segment.

CVC has identified the next investment strategy to follow on from the successful growth of the separate property strategy of Eildon Capital Limited. CVC has established a small and emerging companies investment vehicle which is expected to be made publicly available to investors during the 2019 financial year.

A new commercial debt investment strategy is also being incubated that provides lending opportunities alongside, and in addition to, private equity investments leveraging external managers including Australian Invoice Finance Limited and Bigstone Capital Pty Limited.

CVC anticipates to grow external funds under management and provide further opportunities for investors to gain direct access and exposure to the individual investment strategies that comprise the diversified investment portfolio of CVC. Likely future investment vehicles / opportunities to be offered by CVC funds management in the future will include:

- Small / Mid-Cap Listed Investment Vehicles;
- Direct Real Estate Investment vehicles;
- Private debt;
- Litigation fund;
- Alternative Investments.

Growth in funds management activities has been a significant contributor to an increase in the quality and consistency of deal flow available to CVC and also provides opportunities to develop meaningful recurrent income streams.



CVC LIMITED – SHAREHOLDER VALUE CREATION

Earnings Growth

CVC's annual profit is augmented by individually significant transactions of a capital nature such as the sale of significant investments and project realisations. As CVC broadens its deal flow and expands its investment team, significant transactions are becoming more recurrent, whilst underlying earnings continue on a growth trajectory.

Individual investment segments that have consistently contributed to operating profits include:

- high conviction listed investment opportunities;
- property lending and development activities;
- private equity investments; and
- funds management opportunities.

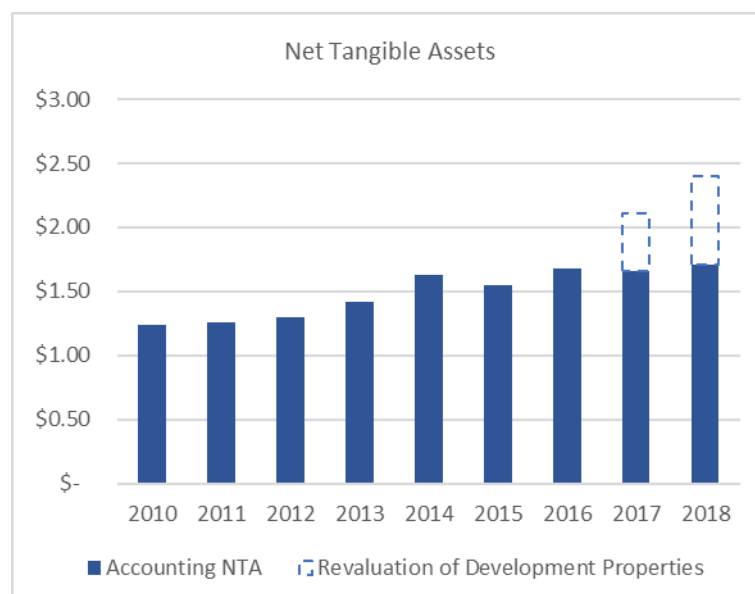
Growth in Net Tangible Assets

CVC is limited in its ability to recognise the inherent value of earlier stage private equity and property investments in the financial statements by the relevant accounting standards. It is the experience of management and the Board that these investments, on realisation, can have a significant uplift in value.

In the absence of a significant transaction to support an uplift in value of early stage investments (or diminution in value) they are carried at the original investment cost until a realisation event occurs.

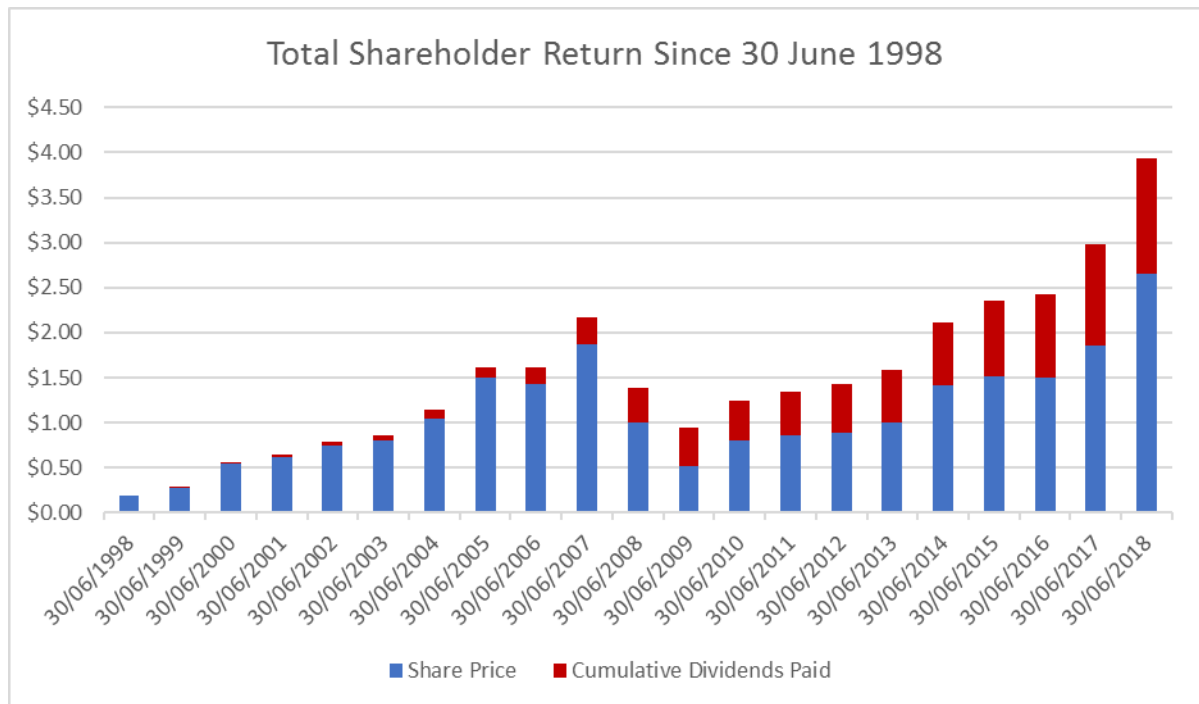
The property portfolio of CVC, particularly strategic land holdings that are in the process of planning and development outcomes, are also carried at a value that does not reflect the increase in market value that would be realised if the property were to be sold. It is expected that this unrecognised value will be realised in due course, and will be accounted for as profits at that time.

Based on recent independent valuations and including the impact of the recent Donnybrook transaction the after-tax impact on NTA of those projects is as follows:



Total Shareholder Return

Total Shareholder Return (TSR) during the financial year was 53.4%, up from 39.6% during the 2017 financial year. Since 30 June 1998, CVC's share price has increased 13 times from 19 cents per share to \$2.66 at 30 June 2018. In addition, fully franked dividends of \$1.2675 per share have been paid. This has generated a TSR of 21.9% per annum over the 20 year period.



An investment of \$10,000 on 30 June 1998 at 19 cents per share while reinvesting all dividends would have generated a gross return of 3,528.7%, resulting in a value of \$362,874 at 30 June 2018.

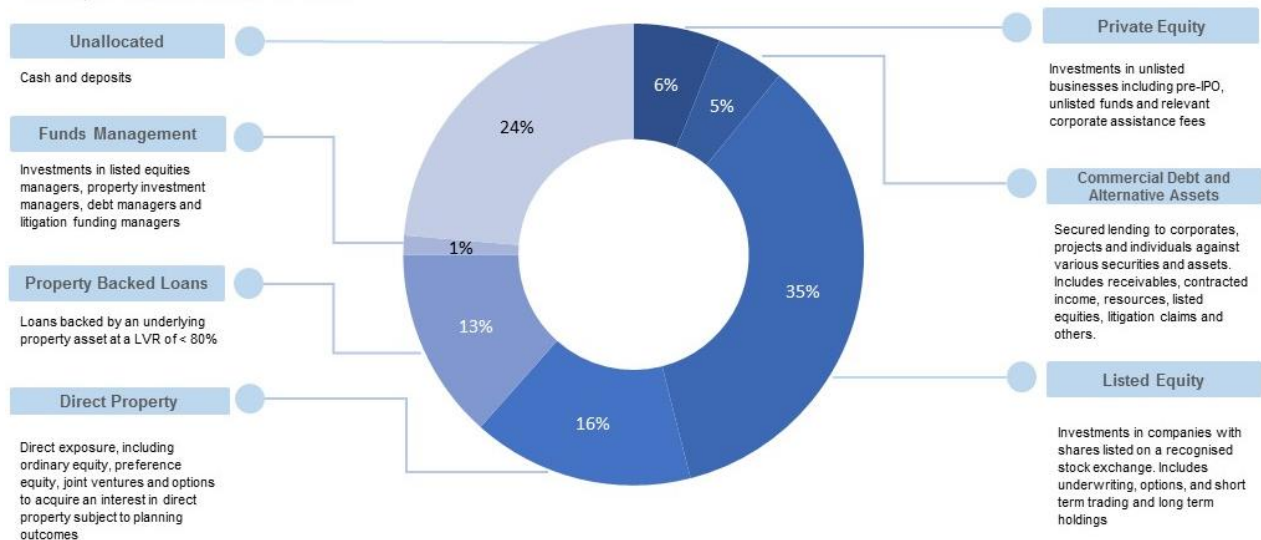


OUTLOOK AND GROWTH

CVC generates its core earnings from a combination of equity investments, property development activities and lending. CVC continues to grow its recurrent earnings, which is augmented by investment realisations.

CVC Business Overview

Total reported assets at 30 June 2018

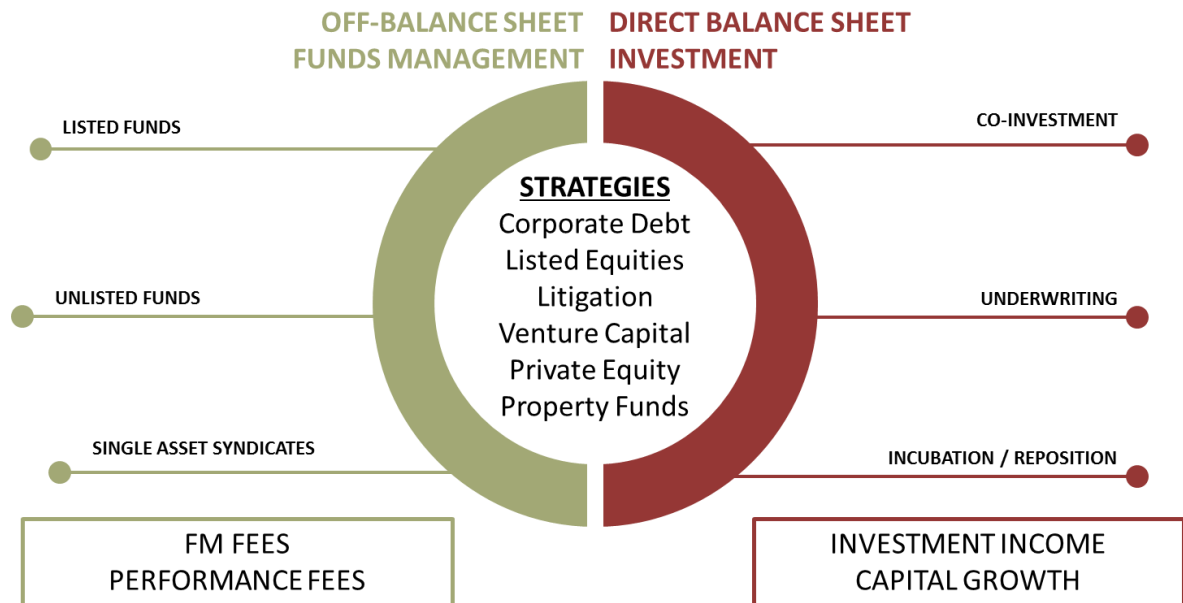


At this juncture, CVC anticipates that the FY2019 profit before tax will be comparable to 2018. Over the subsequent years as the property developments at Marsden Park and Donnybrook materially contribute to operating performance, profits are expected to increase.

The success of CVC lies in its ability to realise latent underlying value whilst structuring investments with capital protection. We are conscious of the cyclical nature that markets can play in the outcome of CVC's investments – and in particular the opportunities these present.

As has historically been the case, given the nature of investment activities of CVC, it is difficult to reliably predict optimal timing and quantum of profits from investment realisations, and thereby meaningfully forecast profits from these investment activities. The core investment strategy remains targeted to delivering annual returns of greater than 15%, whilst investment activities particularly in the property segment are expected to further contribute to a meaningful uplift in underlying NTA growth.

CVC's strategy of establishing public investments vehicles is expected to result in growth in funds under management and ultimately recurrent earnings from management fee income, supplementing the income generated from its other investment activities. CVC is intending to offer to investors the opportunity to invest directly in a publicly offered investment vehicle focused on small and emerging companies during the 2019 financial year and others.



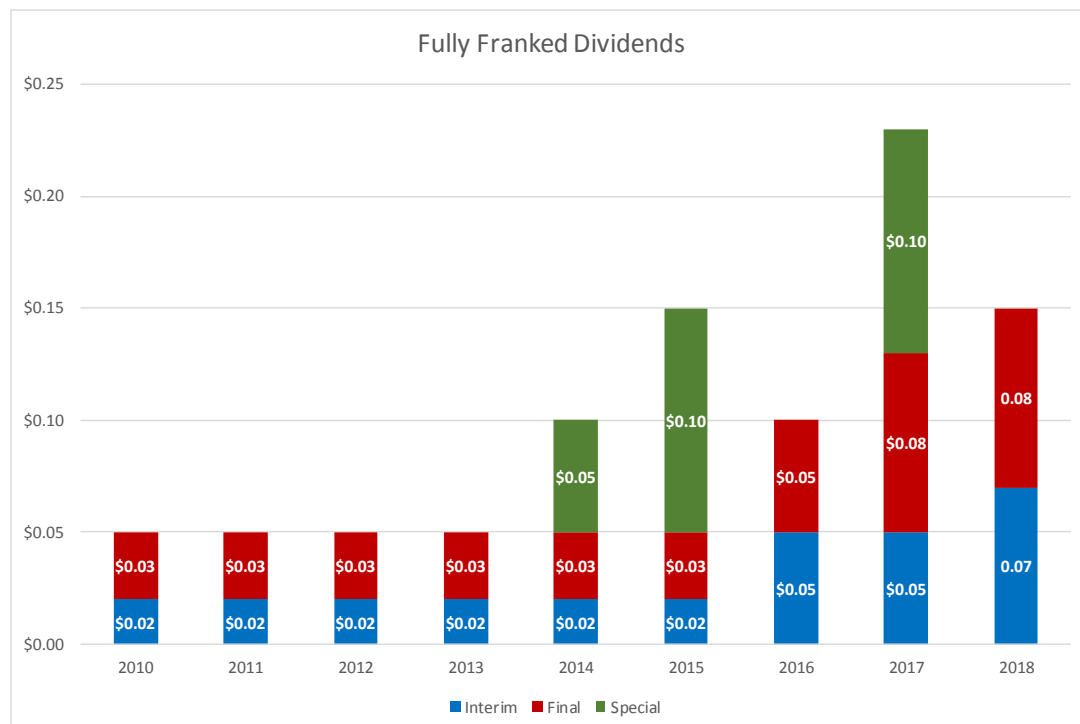
The Board of CVC considers that market conditions currently being experienced in a number of industries and segments are supportive of solid investment returns and that the Company is well placed to execute on a number of key strategies across the various sectors of the business.

With substantial cash holdings and a portfolio of investments that are forecast to result in short, medium and long term realisations, CVC is well positioned to deliver both growing annual profitability and dividends for shareholders.

CAPITAL MANAGEMENT AND DIVIDEND POLICY

The Board is committed to maintaining an appropriate balance between capital deployed and the payment of dividends to deliver longer term shareholder returns. It is also focused on passing on successful growth in annual profitability to shareholders in the form of higher dividends. This has been evident by the increasing interim and final dividends historically paid.

The chart below summarises the growth in dividends paid to shareholders since 2010.



The Board is committed to maintaining the payment of dividends to shareholders that reflects the underlying profitability. As announced on 17 August 2018, a final fully franked dividend of 8 cents per share was declared which will be paid to shareholders on 5 September 2018. The Board anticipates that future dividends will continue to be franked to 100%, subject to available franking credits.

CVC has periodically purchased shares under its buy back scheme, dependant on price. The buy back scheme will be utilised to enable a better alignment of assets with recurrent earnings and is accretive to shareholder value.

CONCLUDING COMMENTS

CVC's profit before tax of \$32.7 million for the 2018 financial year reflects improved recurrent earnings, enhanced scale and greater investment depth. Subject to market conditions, it is CVC's core objective to build on this platform to continue to deliver total annualised shareholder returns in excess of 15% over the medium term.

ADH Beard
Director
30 August 2018

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 2018	30 June 2017

Results

Income from ordinary activities	up/ down	38%	to	\$65,235,195
Profit after tax attributable to members	up /down	17%	to	\$22,716,376
Net profit for the period attributable to members	up /down	17%	to	\$22,716,376

Dividends (distributions)

	Amount per security	Franked amount per security
Final Dividend – 2018 (Payable 5 September 2018)	8 ¢	8 ¢
Interim Dividend – 2018 (Paid 7 March 2018)	7 ¢	7 ¢
Information on Dividends: The directors have resolved to pay a final fully franked dividend in respect of the year ended 30 June 2018 of 8 cents per share payable on 5 September 2018. A fully franked interim dividend in respect of the financial year ended 30 June 2018 of 7 cents per share was paid on 7 March 2018. The Dividend Reinvestment Plan continues to be suspended and as such will not be in operation in relation to the payment of the dividend.		
Ex-dividend date	22 August 2018	
Record date for determining entitlements to the final dividend	23 August 2018	
Payment Date	5 September 2018	

Net tangible asset per security

	Year ended 30 June 2018	Year ended 30 June 2017
Net assets per share	\$1.71	\$1.66
Net tangible assets (“NTA”) per share	\$1.71	\$1.66

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

Commentary

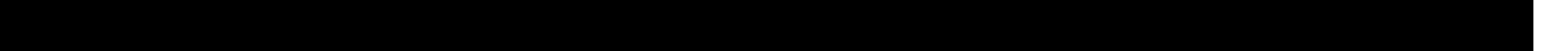
Brief explanation of any of the figures reported above:

Please refer to the attached commentary for a detailed review.

CVC LIMITED
AND ITS CONTROLLED ENTITIES

FINANCIAL REPORT

For the year ended
30 June 2018



The financial report was authorised for issue by the Directors on 30 August 2018.
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 2018 together with the Auditors' Report thereon.

DIRECTORS

The names of Directors who served at any time during or since the end of the financial year are John Douglas Read, Alexander Damien Harry Beard and Ian Houston Campbell. 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:

John Douglas Read (Chairman)

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

Fellow of the Australian Institute of Company Directors.

Board member since 1989. Member of the audit committee.

Mr Read has over 30 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 Chairman of Patrys Limited, and the Central Coast Water Corporation.

Alexander Damien Harry Beard (Managing Director and Company Secretary)

B.Com. (Uni. of NSW)

Fellow of the Chartered Accountants Australia and New Zealand; 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 Director of the following other listed companies: Probiotec Limited, Tasfoods Limited, US Residential Fund and Eildon Capital Limited.

Ian Houston Campbell (Non-Executive Director)

Fellow of the Chartered Accountants Australia and New Zealand; Member of Australian Institute of Company Directors; Chairman of the audit committee of the Company.

Mr Campbell is currently a Non-Executive Director of Kip McGrath Education Centres Limited (ASX: KME) and Redox Pty Limited.

Mr Campbell's previous Non-Executive Director roles include Gloria Jeans Coffees International Pty Limited, Young Achievement Australia Limited and Green's Foods Holdings Pty Limited. Mr Campbell brings to CVC 30 years of experience as a former partner with Ernst and Young and predecessor firms, principally working with entrepreneurial companies in preparing them for growth, sale and the capital markets.

COMPANY SECRETARIES

John Andrew Hunter

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

Member of the Chartered Accountants Australia and New Zealand.

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

KEY MANAGEMENT PERSONNEL

The only key management personnel during the financial year was John Andrew Hunter who is the Chief Financial Officer of the Company.

	Directors' Meetings	
	No of meetings attended	No of meetings eligible to attend
John Douglas Read	4	4
Alexander Damien Harry Beard	4	4
Ian Houston Campbell	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	2	2
Ian Houston Campbell	2	2

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S INTERESTS

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

Ordinary shares	Opening	Purchases	Sales	Closing
Mr J.D. Read	528,956	-	-	528,956
Mr A.D.H. Beard	1,381,136	-	-	1,381,136
Mr I.H. Campbell	50,000	-	-	50,000
Mr J.A. Hunter	-	-	-	-

OVERVIEW OF ACTIVITIES

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

DIVIDENDS

A final fully franked dividend in respect of the year ended 30 June 2018 of 8 cents per share was declared on 17 August 2018 to be paid on 5 September 2018 to those shareholders registered on 23 August 2018. An interim fully franked dividend of 7 cents per share amounting to \$8,367,295 was paid on 7 March 2018.

A final fully franked dividend in respect of the year ended 30 June 2017 of 8 cents per share was declared on 21 August 2017 to be paid on 6 September 2017 to those shareholders registered on 25 August 2017. An interim fully franked dividend of 5 cents per share amounting to \$5,976,640 was paid on 8 March 2017. A special dividend of 10 cents per share amounting to \$11,953,279 was paid on 14 December 2016.

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.

CONSOLIDATED RESULTS

The financial performance for the 2018 financial year is as follows:

- Net profit after tax of \$27.1 million (2017: \$29.5 million);
- Earnings per share of 19 cents (2017: 23 cents); and
- Increase in Net Tangible Assets per share of 5 cents (2017: decrease of 2 cents), following dividends per share totalling 15 cents (2017: 20 cents) paid during the year.

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

	2018	2017
	\$	\$
Net profit after income tax	27,072,642	29,457,411
Non-controlling interests	(4,356,266)	(1,956,057)
Net profit after income tax attributable to members	22,716,376	27,501,354

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

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

	2018	2017
	\$	\$
Listed investments	14,894,562	14,067,732
Private equity and venture capital	2,223,700	13,340,840
Property	24,194,854	7,312,198
Funds management	547,958	803,296
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Tax effect	(5,659,662)	(6,256,720)
Total Comprehensive Income	27,072,642	22,892,190

Listed Investments:

The results of CVC's active listed investment management strategy continued to generate attractive returns for the group, with the acquisitions of undervalued entities, and working with them to generate significant returns. The total contribution to profit before tax amounted to \$14.9 million (2017: \$14.1 million), which has been predominately achieved from value appreciation, while distributions contributed \$4.1 million (2017: \$2.9 million) during the year.

The result for the year was directly attributed to contribution from a number of key investments including:

- Probiotic Limited (ASX: PBP) of \$3.5 million;
- Bionomics Limited (ASX: BNO) of \$3.3 million;
- Cyclopharm Limited (ASX: CYC) of \$1.8 million; and
- Telix Pharmaceuticals Limited (ASX: TLX) of \$1.5 million.

Private Equity:

The total contribution to profit before tax was \$2.2 million (2017: \$13.3 million) including the results of equity accounted investments. During the financial year, CVC successfully sold its holdings in South Pack Laboratories (Aust) Pty Ltd for a combination of cash and scrip to Probiotec Limited (ASX: PBP), generating a before tax profit of \$1.9 million.

CVC made a number of smaller investments into earlier stage companies with a view to longer term value creation. CVC continues to seek investment opportunities in private companies, and expects that investment conditions may present more opportunities in the next 12 – 18 months.

Property:

Total contribution to profit before tax was \$24.2 million (2017: \$7.3 million) net of project specific borrowing costs of \$1.8 million. The result for the year was directly attributed to positive results of a number of activities during the year including:

- Interest related income generated from the provision of loan finance facilities of \$8.6 million;
- Profit generated from the property at Port Macquarie, New South Wales of \$11.2 million, including an uplift in the value of the Bunnings and associated bulky goods centre arising from the sale of the site as part of a project delivery agreement with the buyer;
- Profit from the development and sale of a medical centre at Yarrabilba, Queensland of \$4.8 million; and
- Profit of \$1 million arising from the first stage of the Caboolture, Queensland development, with the completion of the Caltex travel centre.

Subsequent to year end CVC completed the settlement of the sale of the property at Port Macquarie on 7 August 2018, New South Wales, forming part of the project delivery agreement for the construction of the Bunnings and associated bulky goods centre. The development of the site is expected to be completed by February 2019.

CVC continues to progress the planning approvals in respect of Marsden Park North in New South Wales, East Bentleigh and Donnybrook in Victoria. Additionally, CVC continues to progress the repositioning and development of the Caboolture and Mooloolaba projects in Queensland. All projects provide long term development pipelines once planning outcomes have been achieved of retail, commercial and residential uses.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Funds Management:

The contribution to comprehensive income of this segment was \$0.6 million (2017: \$0.8 million). During the financial year, CVC continued to make investments to provide seed and growth capital for funds management businesses, including Australian Invoice Finance Limited and Bigstone Capital Pty Limited, both private debt focused businesses.

Eildon Capital Limited completed a capital raising on 17 January 2018, raising \$16.6 million at \$1.05 per share giving it a market capitalisation of approximately \$50.0 million.

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 coming year.

ENVIRONMENTAL REGULATION

CVC's operations are not subject to environmental regulations.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end CVC completed the settlement of the sale of the property at Port Macquarie, New South Wales and entered into a development delivery agreement for the construction of the site on 7 August 2018. The development of the site is expected to be completed by February 2019.

A final dividend in respect of the year ended 30 June 2018 of 8 cents per share was declared on 17 August 2018 to be paid on 5 September 2018 to those shareholders registered on 23 August 2018.

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 by the Company during the year or to the date of this report. See note 32.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

a) Indemnification

During and since the end of the financial period CVC has provided an indemnity and entered into an agreement to indemnify Directors and Company Secretaries for liabilities that may arise from their position, except where the liability arises out of conduct involving a lack of good faith.

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 key management personnel of the Company and its 100% owned entities in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by s. 308(3C) of the *Corporations Act 2001*. The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of CVC.

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 remuneration for all other key management personnel 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 discretionary bonuses and participation in the CVC Executive Long Term Incentive Plan.

The Company does not have a remuneration committee. The remuneration of the Managing Director, Mr Beard, is determined following discussion with the Non-Executive Directors. The remuneration of key management personnel other than Mr Beard are determined following discussion with the Board of CVC.

Short term discretionary 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 and are determined at the end of the financial year.

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 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.

There are currently no shares issued under the CVC Executive Long Term Incentive Plan.

Individual remuneration disclosures:

The following table provides details of the remuneration expense of the Company and its 100% owned entities recognised for the group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standard.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel (continued):

Remuneration of key management personnel for the year ended 30 June 2018

		Short-term employee benefits		Post – employ't benefits	Other	Share- based payment	Total	Base % (a)
		Base Salary Fees	STI Bonus (b)	Super'n				
		\$	\$	\$	\$	\$	\$	
<i>Directors</i>								
ADH Beard (Managing Director)	2018	447,500	300,000	25,000	-	-	772,500	61%
	2017	405,891	500,000	35,000	11,894	-	952,785	48%
JD Read (Non-Executive Director)	2018	60,000	-	25,000	-	-	85,000	100%
	2017	54,795	-	32,931	-	-	87,726	100%
IH Campbell (Non-Executive Director)	2018	77,626	-	7,374	-	-	85,000	100%
	2017	68,493	-	6,507	-	-	75,000	100%
	2018	585,126	300,000	57,374	-	-	942,500	
	2017	529,179	500,000	74,438	11,894	-	1,115,511	
<i>Other Key Management Personnel</i>								
JA Hunter	2018	375,000	300,000	25,000	-	-	700,000	57%
	2017	345,000	300,000	30,000	-	-	675,000	56%
	2018	375,000	300,000	25,000	-	-	700,000	
	2017	345,000	300,000	30,000	-	-	675,000	
	2018	960,126	600,000	82,374	-	-	1,642,500	
	2017	874,179	800,000	104,438	11,894	-	1,790,511	

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 represents discretionary bonuses as determined by the Directors of CVC, based on their performance during the year.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Executive contractual arrangements

It is CVC's policy that service contracts for key management personnel are unlimited in term but capable of termination as per the relevant period of notice and that CVC retains the right to terminate the contract immediately, by making payment that is commensurate with pay in lieu of notice.

The service contract outlines the components of remuneration paid to the key management person but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account any change in the scope of the role performed by the key management personnel and any changes required to meet the principles of the remuneration policy.

Standard key management personnel termination payment provisions apply to all current members of the key management personnel, including the Managing Director. The standard key management personnel provisions are as follows:

Details	Notice Period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee initiated termination	1 month	1 month	Unvested awards forfeited	Unvested awards forfeited

Consequences of performance on shareholder wealth

In considering CVC's performance and benefits for shareholder wealth, the Directors have regard to the following indicators in respect of the current financial year and previous financial years.

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Net profit attributable to members of the parent entity	22,716,376	27,501,354	13,798,394	18,323,405	25,383,574
Comprehensive income/(loss) attributable to members of the parent entity	-	(6,546,240)	13,024,484	(16,158,003)	11,858,356
Total comprehensive income attributable to members of the parent entity	22,716,376	20,955,114	26,822,878	2,165,402	37,241,930
Dividends paid	17,929,918	23,906,558	9,562,623	17,929,938	12,110,681
Shares bought back on market	-	-	-	-	2,288,197
Share price	2.66	1.86	1.51	1.52	1.42
Change in share price	0.80	0.35	(0.01)	0.10	0.42
Net assets per share	1.71	1.66	1.68	1.55	1.63
Change in net assets per share	5.00	(0.02)	0.13	(0.08)	0.21

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CVC LIMITED

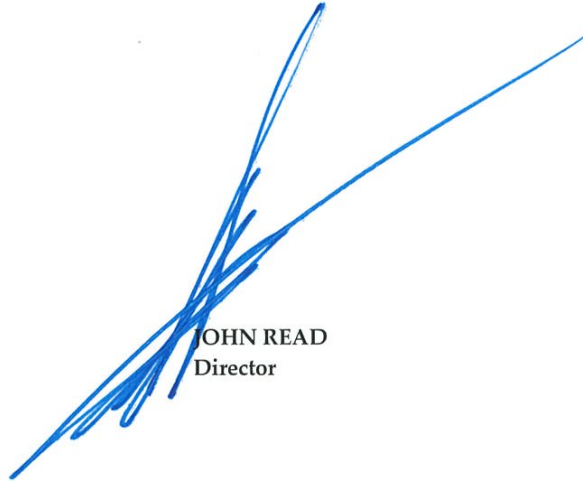
A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 10.

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

Dated at Sydney 30 August 2018.



ALEXANDER BEARD
Director



JOHN READ
Director

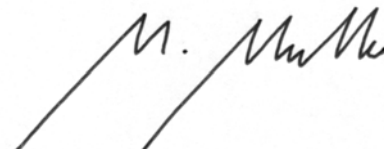
**CVC LIMITED
ACN 002 700 361****AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of CVC Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

This declaration is in relation to CVC Limited and the entities it controlled during the period.

**Sydney, NSW
30 August 2018**


**M D Muller
Partner**

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
INCOME FROM CONTINUING OPERATIONS			
Revenue from property development activities	4	36,914,879	7,250,889
Interest and fee income	4	8,010,299	8,903,077
Net income from share investments	4	15,579,560	28,190,645
Management fee income	4	1,496,255	752,362
Other income	4	2,834,128	1,143,900
Total income		64,835,121	46,240,873
Share of net profits of associates accounted for using the equity method	15	400,074	941,554
EXPENSES			
Convertible note raising costs		214,751	-
Cost of land sold		8,321,425	4,355,616
Contract Costs		10,830,519	-
Directors fees		885,126	1,029,179
Employee costs		5,720,511	4,939,100
Finance costs	5	1,778,290	3,184,071
Impairment of loans	5	179,904	1,830,456
Legal expenses		289,466	196,401
Management and consultancy fees		2,208,744	1,131,834
Operating lease rental		550,919	335,569
Overhead expenses	5	1,523,236	1,234,161
Total expenses		32,502,891	18,236,387
Profit before related income tax expense		32,732,304	28,946,040
Income tax expense	6	5,659,662	4,676,309
Net profit from continuing operations		27,072,642	24,269,731
Net profit from discontinued operation	28	-	5,187,680
Net profit		27,072,642	29,457,411
Net profit attributable to non-controlling interest	25	4,356,266	1,956,057
Net profit attributable to members of the parent entity		22,716,376	27,501,354

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 16 to 76.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Profit for the year		<u>27,072,642</u>	<u>29,457,411</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Investment value decrease recognised in other reserves	26	-	(1,637,517)
Amounts transferred from other reserves to income on sale	26	-	(1,897,040)
Income tax on items taken directly to or from equity	26	-	(3,030,664)
Other comprehensive loss for the year, net of tax		<u>-</u>	<u>(6,565,221)</u>
Total comprehensive income for the year		<u><u>27,072,642</u></u>	<u><u>22,892,190</u></u>
Attributable to			
Shareholders		22,716,376	20,955,114
Non-controlling interest	25	4,356,266	1,937,076
		<u><u>27,072,642</u></u>	<u><u>22,892,190</u></u>
Total comprehensive income for the period attributable to members of the parent entity arises from:			
Continuing operations		22,716,376	16,135,637
Discontinued operation		-	4,819,477
		<u><u>22,716,376</u></u>	<u><u>20,955,114</u></u>
 Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity	 7	 0.1900	 0.1993
 Basic and diluted earnings per share for profit attributable to the members of the parent entity	 7	 <u><u>0.1900</u></u>	 <u><u>0.2301</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 16 to 76.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	27	71,093,285	41,746,716
Financial assets – “at amortised cost”	9	42,215,257	29,676,038
Financial assets – “at fair value through profit or loss”	12	48,368,616	15,309,160
Inventories	13	3,605,672	6,621,201
Other assets	14	371,073	186,764
Assets classified as held for sale	11	165,653,903 11,620,343	93,539,879 -
Total current assets		177,274,246	93,539,879
NON-CURRENT ASSETS			
Financial assets – “at amortised cost”	9	17,310,844	21,267,139
Financial assets – “available-for-sale”	10	-	56,402,582
Financial assets – “at fair value through profit or loss”	12	56,651,456	5,034,187
Inventories	13	18,150,818	15,758,428
Investments accounted for using the equity method	15	32,436,702	33,839,849
Property, plant and equipment	16	342,861	397,403
Investment properties	17	1,350,000	8,578,697
Deferred tax assets	6	304,003	5,554,585
Total non-current assets		126,546,684	146,832,870
TOTAL ASSETS		303,820,930	240,372,749
CURRENT LIABILITIES			
Trade and other payables	19	10,101,498	8,151,671
Interest bearing loans and borrowings	21	2,583,121	12,679,439
Provisions	20	867,798	773,334
Current tax liabilities	6	1,301,475	4,217,590
Total current liabilities		14,853,892	25,822,034
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	21	78,845,201	10,123,967
Provisions	20	21,005	18,825
Deferred tax liabilities	6	3,931,483	5,972,736
Total non-current liabilities		82,797,689	16,115,528
TOTAL LIABILITIES		97,651,581	41,937,562
NET ASSETS		206,169,349	198,435,187
EQUITY			
Contributed equity	22	103,646,848	103,646,848
Other equity	23	1,881,405	-
Retained earnings	24	99,606,254	80,631,251
Other reserves	26	(318,237)	13,870,308
Total parent entity interest		204,816,270	198,148,407
Non-controlling interest	25	1,353,079	286,780
TOTAL EQUITY		206,169,349	198,435,187

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 16 to 76.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Contributed equity \$	Retained earnings \$	Asset revaluation \$	Other Equity \$	Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
At 1 July 2017	103,646,848	80,631,251	13,772,192	-	-	98,116	198,148,407	286,780	198,435,187
Adoption of AASB 9	-	14,188,545	(14,090,429)	-	-	(98,116)	-	-	-
Restated total equity at 1 July 2017	103,646,848	94,819,796	(318,237)	-	-	-	198,148,407	286,780	198,435,187
Profit for the year	-	22,716,376	-	-	-	-	22,716,376	4,356,266	27,072,642
Other comprehensive loss	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	22,716,376	-	-	-	-	22,716,376	4,356,266	27,072,642
Transactions with shareholders:									
Disposal of interest in controlled entities	-	-	-	-	-	-	-	4,095	4,095
Value of conversion rights on convertible notes	-	-	-	1,881,405	-	-	1,881,405	-	1,881,405
Dividend paid	-	(17,929,918)	-	-	-	-	(17,929,918)	(3,294,062)	(21,223,980)
At 30 June 2018	103,646,848	99,606,254	(318,237)	1,881,405	-	-	204,816,270	1,353,079	206,169,349
At 1 July 2016	103,646,848	72,766,639	19,103,188	-	5,367,223	323,857	201,207,755	12,311,226	213,518,981
Profit for the year	-	27,501,354	-	-	-	-	27,501,354	1,956,057	29,457,411
Other comprehensive income	-	-	(6,320,499)	-	-	(225,741)	(6,546,240)	(18,981)	(6,565,221)
Total comprehensive income for the year	-	27,501,354	(6,320,499)	-	-	(225,741)	20,955,114	1,937,076	22,892,190
Transactions with shareholders:									
Acquisition of interest in controlled entities	-	-	1,264	-	-	-	1,264	(19,624)	(18,360)
Disposal of interest in controlled entities	-	-	(253,686)	-	-	-	(253,686)	(12,201,030)	(12,454,716)
Return of capital	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Dividend paid	-	(23,906,558)	-	-	-	-	(23,906,558)	(843,552)	(24,750,110)
Transfer from reserve	-	(1,241,925)	1,241,925	-	-	-	-	-	-
Share based payment	-	5,511,741	-	-	(5,367,223)	-	144,518	102,684	247,202
At 30 June 2017	103,646,848	80,631,251	13,772,192	-	-	98,116	198,148,407	286,780	198,435,187

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 16 to 76. Opening equity balances as at 1 July 2017 have been restated following the adoption of AASB 9 *Financial Instruments*. Refer note 37.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		12,270,745	41,495,346
Cash payments in the course of operations		(12,923,085)	(55,626,240)
Net cash receipts for land held for resale		5,253,038	4,167,529
Proceeds from disposal of financial assets at fair value through profit or loss		75,378,472	19,623,370
Payments for disposal of financial assets at fair value through profit or loss		(92,286,433)	(36,820,316)
Payments for equity investments		-	(18,310,598)
Proceeds from disposal of equity investments		-	64,205,739
Net proceeds on construction contract		194,055	3,840,320
Loans provided		(28,680,697)	(44,408,000)
Loans repaid		20,641,345	59,940,341
Dividends received		7,496,824	2,248,945
Interest received		10,323,631	7,524,860
Interest paid		(145,841)	(545,726)
Income taxes paid		(6,171,864)	(2,385,479)
Net cash (used in)/provided by operating activities	27	(8,649,810)	44,950,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition and development of investment properties		(1,144,843)	(21,543,027)
Payments for property, plant and equipment		(30,660)	(277,656)
Disposal of subsidiaries, net of cash received		-	(1,368,382)
Acquisition of intangibles		(6,144)	(7,738)
Net cash used in investing activities		(1,181,647)	(23,196,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(66,669,758)	(14,839,117)
Proceeds from borrowings		68,570,276	30,665,611
Net proceeds from issues of convertible note		57,715,910	-
Dividends paid		(20,438,402)	(24,287,652)
Payments for share buy-back		-	(19,624)
Payments for return of capital		-	(1,000,000)
Proceeds from issues of shares		-	7,987,657
Restructure transaction costs		-	(166,099)
Net cash provided by/(used in) financing activities		39,178,026	(1,659,224)
Net increase in cash and cash equivalents		29,346,569	20,094,064
Foreign exchange loss on cash		-	(20,398)
Cash and cash equivalents at the beginning of the financial year		41,746,716	21,673,050
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	71,093,285	41,746,716

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 16 to 76.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (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. CVC has adopted AASB 9 *Financial Instruments* from 1 July 2017, and in accordance with the transition provisions in AASB 9 paragraph 7.2.15, comparative figures have not been restated, as such the financial report has been prepared on a different basis as per below.

- For period ended in 30 June 2018, the financial report has been prepared on a historical cost basis, except for the following which have been measured at fair value:
 - financial assets “at fair value through profit or loss”;
 - financial assets “at fair value through other comprehensive income”; and
 - investment properties.

and

- For period ended in 30 June 2017, the financial report has been prepared on a historical cost basis, except for the following which have been measured at fair value:
 - financial assets “available-for-sale”;
 - financial assets “at fair value through profit or loss”; and
 - investment properties.

These accounting policies have been consistently applied by each entity in CVC and, are consistent with those of the previous year, except for the adoption of new and amended standards as set out in note 37. 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 36.

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).

CVC has adopted AASB 9 *Financial Instruments* for the first time for the annual reporting period commencing 1 July 2017. The impact of the adoption of the standard and the new accounting policy are disclosed in note 37.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period:

(i) *AASB 15 Revenue from contracts with customers*

AASB 15 *Revenue from contracts with customers* was released in October 2015 and is mandatory for periods beginning on or after 1 January 2018. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. CVC does not expect the new standard to have any material impact on the timing of recognition of its revenues in the parent company and its subsidiaries in the initial period of application. However, CVC is still assessing the impact on the timing of recognition of the revenues in the equity accounting associates.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.2 Statement of Compliance (Continued)

(ii) AASB 16 Leases

AASB 16 *Leases* was released in February 2016 and is mandatory for periods beginning on or after 1 January 2019. The new standard introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- Right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis; and
- Lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

The standard will affect primarily the accounting for CVC's operating leases. As at the reporting date, CVC has non-cancellable operating lease commitments of \$3,641,959, see note 30.1. As at 30 June 2018 if AASB 16 Leases was adopted the disclosure would be as follows:

Right of use assets	\$3,277,676
Lease liability	
Current	\$574,398
Non-current	\$2,703,278
Over the life of the right of use asset the following amounts would be recognised in the statement of financial performance:	
Interest expense	\$364,283
Amortisation charge	\$3,277,676
Total	\$3,641,959

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 2018 ("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. The equity accounted investments are not recorded at a value in excess of CVC's share of the associates net assets at the date significant influence commences, with the exception of CVC's share of the associates future profits. 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 24). CVC's equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.3 Principles of Consolidation (Continued)

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 for the 2017 financial year and as “fair value through profit or loss” investments for the 2018 financial year.

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. Expected credit losses model has been applied to financial assets at amortised cost for the 2018 financial year. Refer note 37.3 (b).

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.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.6 Income Tax and Other Taxes (Continued)

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.

1.8 Trade and Other Payables

Trade payables and other payables are carried at amortised cost 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 - 45 day terms.

1.9 Trade and Other Receivables

Trade and other receivables, which generally have 30 - 120 day terms, are stated at their amortised cost less impairment losses. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that CVC will not be able to collect the receivable.

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 profit or loss. 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.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.10 Property, Plant and Equipment (Continued)

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.

1.12 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.13 Investments and Other Financial Assets

CVC has adopted *AASB 9 Financial Instruments* from 1 July 2017, and in accordance with the transition provisions in AASB 9 paragraph 7.2.15, comparative figures have not been restated. The effect of the adoption of the accounting policies for the year ending 30 June 2018 is that financial information disclosed is different from those applicable to the year ending 30 June 2017.

The impact of the adoption of the accounting policy for the year ending 30 June 2018 is disclosed in note 37. The accounting policies for the year ending 30 June 2017 are disclosed below.

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.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.13 Investments and Other Financial Assets (Continued)

"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 consolidated statement of financial performance 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 two 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 consolidated 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. 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 consolidated statement of financial performance on equity instruments classified as "available-for-sale" are not reversed through the consolidated statement of financial performance.

1.14 Intangible Assets

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(ii) Other intangible Assets

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

1.15 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.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.16 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, when a contract of sale becomes unconditional.

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 includes management fees charged to associated entities and is recognised when the terms or the agreement are satisfied and 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.

Fee Income

Fees and commissions that relate to the execution of a significant act (for example, loan establishment fees, advisory or arrangement services, placement fees and underwriting fees) are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, managing and administering existing facilities and funds) are recognised as income over the service period.

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 2018 (CONTINUED)

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

1.16 Revenue and Revenue Recognition (Continued)

Construction contract

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

1.17 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 including "on-costs".

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.

1.18 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.

1.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

1.20 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.

1.21 Comparative Figures

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

1.22 Segment Reporting

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

1.23 Contingent Consideration

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (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.

Companies incorporated in Australia:

	Interest Held by Consolidated Entity		Interest Held by non-controlling interests	
	2018	2017	2018	2017
	%	%	%	%
CVC Limited				
Direct Controlled Entities:				
AddVenture Pty Limited	100	100	-	-
AddVenture MP Pty Limited	100	100	-	-
Add Venture Unit Trust No.1	100	100	-	-
Albemarle Capital Pty Limited	100	100	-	-
Albemarle Alternate Finance Pty Limited	100	100	-	-
Albemarle Altfi Investments Unit Trust	100	100	-	-
Biomedical Systems Pty Limited	100	100	-	-
CVC Alternate Funding Pty Limited	100	100	-	-
CVC Bentleigh (Loan) Pty Limited	100	100	-	-
CVC Bentleigh (Developer) Pty Limited	100	100	-	-
CVC Caboolture Unit Trust	60	60	40	40
CVC Finance Company Pty Limited	100	100	-	-
CVC Funds Management Pty Limited	100	100	-	-
CVC Investment Managers Pty Limited	100	100	-	-
CVC Litigation Funding Pty Limited	100	100	-	-
CVC Managers Pty Limited	100	100	-	-
CVC Masters Unit Trust	50	50	50	50
CVC Mezzanine Finance Pty Limited	100	100	-	-
CVC Nepean Pty Limited	-	100	-	-
CVC (Newcastle) Pty Limited	100	100	-	-
CVC Property Investments Pty Limited	100	100	-	-
CVC Reef Investment Managers Pty Limited	100	100	-	-
CVC Renewables Pty Limited	94	94	6	6
CVC Rockhampton Unit Trust	82	82	18	18
CVC Wagga Wagga Pty Limited	-	100	-	-
CVC Wagga Wagga Unit Trust	-	50	-	50
iLiv CVC Rockhampton Trust	55	55	45	45
MAC 1 MP Pty Ltd	66	66	34	34
Marsden Park Development Trust	66	66	34	34
P2P Investments Pty Limited	100	100	-	-
Safari Capital Pty Limited	100	-	-	-
Stinoc Pty Limited	99	99	1	1
The Eco Fund Pty Limited	100	100	-	-
Controlled Entities jointly owned by CVC Renewables Pty Limited and CVC Reef Investment Managers:				
Wind Corporation Australia Pty Limited	100	100	-	-
Hampton Wind Park Company Pty Limited	100	100	-	-

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.2 Acquisition and disposals of Business Operations

(a) *Cellnet Group Limited*

On 22 December 2016 CVC sold 83% of its holding in Cellnet Group Limited for a consideration of \$7,057,568. Refer to note 28.

(b) *Eildon Funds Management Limited*

On 16 November 2016 CVC sold 60% of its holding in Eildon Funds Management Limited for a consideration of \$420,000, at which time the company became an associate of CVC. Refer to note 28.

(c) *Eildon Capital Limited*

On 24 February 2017 Eildon Capital Limited successfully completed a capital raising of \$10 million and ASX listing. This had the effect of reducing CVC's ownership from 56.0% to 38.5%, at which time the company became an associate of CVC. Refer to note 28.

2.3 Interest in material subsidiaries

(a) *Significant restrictions*

CVC also has constitutional restrictions on its ability to access or use the assets of CVC Caboolture Unit Trust, CVC Masters Unit Trust, iLiv CVC Rockhampton Trust and Marsden Park Development Trust, which arise from the operation of the various Trust Deeds of the entities. CVC has an interest in the equity of the entities, but does not provide it a right to their assets or liabilities.

The carrying amount of the non-controlling interests of the various entities included within the consolidated financial statements to which these restrictions apply is \$1,353,079 (2017: \$286,780). Refer note 25.

(b) *Information on subsidiaries:*

Set out below are those entities that have non-controlling interests that are material to CVC.

CVC Caboolture Unit Trust:	a commercial property development in Caboolture, Queensland.
CVC Masters Unit Trust:	a commercial property development in Port Macquarie, New South Wales.
iLiv CVC Rockhampton Trust:	a residential property development in Rockhampton, Queensland.
Marsden Park Development Trust:	a residential property development in Riverstone, New South Wales.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries:

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to CVC. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Cellnet Group Limited		Eildon Capital Limited		Marsden Park Development Trust		CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		CVC Masters Unit Trust	
	2018(a)	2017	2018(b)	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Summarised balance sheet												
Current assets	-	-	-	-	2,218	8,574	2,302,443	3,010,100	3,749,536	4,186,181	21,458,008	8,521,424
Current liabilities	-	-	-	-	20,620	12,681,001	10,691,470	9,294,373	2,349,013	2,785,658	2,569,081	42,892
Current net assets	-	-	-	-	(18,402)	(12,672,427)	(8,389,027)	(6,284,273)	1,400,523	1,400,523	18,888,927	8,478,532
Non-current assets	-	-	-	-	11,791,315	11,427,737	7,709,502	5,680,691	-	-	-	7,228,697
Non-current liabilities	-	-	-	-	14,080,683	260,754	-	-	-	-	-	-
Non-current net assets	-	-	-	-	(2,289,368)	11,166,983	7,709,502	5,680,691	-	-	-	7,228,697
Net assets	-	-	-	-	(2,307,770)	(1,505,444)	(679,525)	(603,582)	1,400,523	1,400,523	18,888,927	15,707,229
Accumulated NCI	-	-	-	-	(1,219,317)	(935,928)	(271,810)	(241,433)	699,742	699,742	1,750,576	189,302
Summarised statement of comprehensive income												
Revenue	-	42,968	-	4,200,577	516,364	307,585	23,491,648	4,162,495	1,795,423	3,682,004	13,361,890	1,703,956
Profit/(loss) for the period	-	1,477,000	-	2,595,658	(802,325)	(970,225)	4,343,495	733,243	240,170	576,723	13,169,485	1,697,594
Other comprehensive income	-	(42,000)	-	(48,304)	-	-	-	-	-	-	-	-
Total comprehensive income	-	1,435,000	-	2,547,354	(802,325)	(970,225)	4,343,495	733,243	240,170	576,723	13,169,485	1,697,594
Profit/(loss) allocated to NCI	-	614,114	-	884,651	(280,734)	(339,482)	1,737,398	293,297	132,094	317,198	2,948,718	168,933

(a) On 22 December 2016 Cellnet Group Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 22 December 2016. Refer note 28.

(b) On 24 February 2017 Eildon Capital Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 24 February 2017. Refer note 28.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(b) Information on subsidiaries (Continued):

	Cellnet Group Limited		Eildon Capital Limited		Marsden Park Development Trust		CVC Caboolture Unit Trust		iLiv CVC Rockhampton Trust		CVC Masters Unit Trust	
	2018(a)	2017	2018(b)	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dividends paid to NCI	-	269,722	-	-	-	-	1,767,775	236,576	132,094	317,198	1,387,443	-
Summarised cash flows												
Cash flows (used in)/ from operating activities	-	(7,831,000)	-	359,280	176,730	(288,035)	3,819,465	2,221,539	(69,235)	2,172,643	9,270,225	3,530,892
Cash flows (used in)/from investing activities	-	(38,000)	-	2,519,584	-	-	-	-	-	-	-	-
Cash flows from/(used in) financing activities	-	7,207,000	-	4,803,755	(177,000)	(461,511)	(3,423,052)	(2,194,454)	(400,000)	(2,000,000)	(8,876,043)	(4,310,767)
Net foreign exchange differences	-	(57,000)	-	-	-	-	-	-	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	-	(719,000)	-	7,682,619	(270)	(749,546)	396,413	27,085	(469,235)	172,643	394,182	(779,875)

(a) On 22 December 2016 Cellnet Group Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 22 December 2016. Refer note 28.

(b) On 24 February 2017 Eildon Capital Limited ceased to be a controlled entity of CVC. The amounts disclosed relate to the period to 24 February 2017. Refer note 28.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 2: CONTROLLED ENTITIES (CONTINUED)

2.3 Interest in material subsidiaries (Continued)

(c) Transactions with non-controlling interests:

Eildon Capital Limited

In October 2016, Eildon Capital Limited issued 3,533,073 shares for \$3,603,734. As a result, CVC decreased its holding in Eildon Capital Limited by 11.5%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Eildon Capital Limited was \$6,266,325. CVC recognised an increase in non-controlling interest of \$3,792,360 and a decrease in equity attributable to owners of the parent of \$188,626.

In September 2016, CVC acquired an additional 18,869 shares of Eildon Capital Limited for \$19,624. As a result, CVC increased its holding in Eildon Capital Limited by 0.1%. Immediately prior to the purchase, the carrying amount of the existing non-controlling interest in Eildon Capital Limited was \$6,240,037. CVC recognised a decrease in non-controlling interest of \$20,888 and an increase in equity attributable to owners of the parent of \$1,264.

	2018	2017
	\$	\$
Carrying amount of non-controlling interests acquired	-	20,888
Consideration paid to non-controlling interests	-	(19,624)
Carrying amount of non-controlling interests disposed	-	(3,792,360)
Consideration received from non-controlling interests	-	3,603,734
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	-	(187,362)

On 24 February 2017 Eildon Capital Limited ceased to be a controlled entity and became an associate of CVC. Refer note 28.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (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

	2018 \$	2017 \$
INCOME		
Interest and fee income	2,187,619	1,249,587
Net income from share investments	41,534,727	44,508,199
Other income	44,075	182,382
Total income	<u>43,766,421</u>	<u>45,940,168</u>
EXPENSES		
Convertible note raising costs	214,751	-
Impairment of loans to other corporations	107,474	-
Management and consultancy fees	7,997,731	7,750,061
Finance costs	6,861,282	6,142,716
Other expenses	827,048	857,590
Profit before related income tax expense	<u>27,758,135</u>	<u>31,189,801</u>
Income tax expense/(benefit)	5,822,754	(3,740,626)
Net profit	<u>21,935,381</u>	<u>34,930,427</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Investment value increase recognised in other reserves	-	27,606,519
Amounts transferred from other reserves to other comprehensive income on sale	-	(4,290,162)
Income tax on items taken directly to or from equity	-	(10,206,182)
Other comprehensive income for the year, net of tax	<u>-</u>	<u>13,110,175</u>
Total comprehensive income for the year	<u><u>21,935,381</u></u>	<u><u>48,040,602</u></u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 3: PARENT COMPANY INFORMATION (CONTINUED)

ii) STATEMENT OF FINANCIAL POSITION

	2018	2017
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	65,358,867	38,160,988
Loans and other receivables	-	2,762,167
Financial assets – “at amortised cost”	6,982,868	-
Financial assets – “at fair value through profit or loss”	42,364,239	19,641,861
Other assets	320,533	194,689
Total current assets	115,026,507	60,759,705
NON-CURRENT ASSETS		
Financial assets – “at amortised cost”	36,201,724	42,553,665
Financial assets – “available-for-sale”	-	114,147,981
Financial assets – “at fair value through profit or loss”	133,419,243	-
Deferred tax assets	-	2,953,427
Total non-current assets	169,620,967	159,655,073
TOTAL ASSETS	284,647,474	220,414,778
CURRENT LIABILITIES		
Trade and other payables	1,927,984	856,988
Interest bearing loans and borrowings	2,583,121	-
Current tax liabilities	1,271,491	4,220,277
Total current liabilities	5,782,596	5,077,265
NON-CURRENT LIABILITIES		
Trade and other payables	120,227,729	67,023,684
Deferred tax liabilities	14,642,634	10,206,182
Total non-current liabilities	134,870,363	77,229,866
TOTAL LIABILITIES	140,652,959	82,307,131
NET ASSETS	143,994,515	138,107,647
EQUITY		
Contributed equity	103,646,848	103,646,848
Retained earnings	38,466,262	10,646,379
Other equity	1,881,405	-
Other reserves	-	23,814,420
TOTAL EQUITY	143,994,515	138,107,647

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
NOTE 4: INCOME		
Revenue from property development activities:		
Contract revenue	11,810,820	-
Change in fair value of investment property	2,680,264	(931,115)
Option income	500,000	250,000
Settlement income	8,500,000	-
Sale of land	13,423,795	7,932,004
	<u>36,914,879</u>	<u>7,250,889</u>
Total profit from property development activities	<u>36,914,879</u>	<u>7,250,889</u>
Interest and fee income:		
Interest		
Associated entities	1,519,303	1,472,950
Unrelated entities	5,970,515	6,981,522
Fee income from unrelated entities	520,481	448,605
	<u>8,010,299</u>	<u>8,903,077</u>
Total interest and fee income	<u>8,010,299</u>	<u>8,903,077</u>
Net income from share investments:		
Income from equity investments		
Net gain on sale of equity investments	-	15,811,734
Net gain on financial assets at fair value through profit or loss	11,778,008	648,529
Dividends from related entities	1,262,458	-
Dividends from unrelated entities	2,335,244	3,220,825
Impairment recovery of investments in unrelated entities	-	9,115,300
Fee income from unrelated entities	203,850	40,000
Impairment of listed investments	-	(234,607)
Impairment of unlisted investments	-	(213,903)
Impairment of investments in associated entities	-	(197,233)
	<u>15,579,560</u>	<u>28,190,645</u>
Total net income from share investments	<u>15,579,560</u>	<u>28,190,645</u>
Management fee income:		
Related entities	1,460,755	752,362
Unrelated entities	35,500	-
	<u>1,496,255</u>	<u>752,362</u>
Total management fee income	<u>1,496,255</u>	<u>752,362</u>
Other income:		
Impairment recovery of financial assets at amortised cost	2,180,742	-
Rental income from unrelated entities	194,957	152,279
All other income	458,429	991,621
	<u>2,834,128</u>	<u>1,143,900</u>
Total other income	<u>2,834,128</u>	<u>1,143,900</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 5: PROFIT BEFORE INCOME TAX EXPENSE		
Profit before income tax expense has been arrived at after charging the following items:		
Finance costs:		
Related entities	208,203	1,032,272
Other entities		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	1,530,418	1,400,526
Finance charge on receivables at fair value through profit or loss	39,669	751,273
Total finance costs expensed	1,778,290	3,184,071
Impairment of financial instruments:		
Impairment of loans to associated entities	-	1,628,507
Impairment of loans to other entities	179,904	201,949
Total impairment of financial instruments	179,904	1,830,456
Overhead expenses:		
Audit fees	130,486	156,500
Depreciation expense	85,202	125,738
Insurance	188,696	187,251
All other overhead expenses	1,118,852	764,672
Total overhead expenses	1,523,236	1,234,161

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
NOTE 6: INCOME TAX		
6.1 Income Tax Expense:		
Profit from continuing operations before income tax expense	32,732,304	28,946,040
Profit from discontinued operation before income tax expense	-	3,737,427
Accounting profit before income tax	32,732,304	32,683,467
Income tax expense at the statutory income tax rate of 30%	9,819,691	9,805,040
Increase in income tax expense due to:		
Sundry items	60,300	114,242
Trust losses not deductible	240,698	293,443
Tax losses not recognised	-	220,359
Tax losses recouped	-	767,399
Net deferred tax not recognised	295,958	-
Decrease in income tax expense due to:		
Dividends received	(2,609,069)	(612,576)
Trust profit not assessable	(1,921,263)	(318,137)
Effect of lower tax rate in New Zealand (28%)	-	(14,525)
Tax losses previously not recognised utilised	(207,003)	-
Net deferred tax not recognised	-	(1,110,623)
Recognised deferred tax balances	-	(5,891,215)
	5,679,312	3,253,407
Adjustments in respect of current income tax of previous years (a)	(19,650)	(27,351)
Income tax expense	5,659,662	3,226,056
The major components of income tax expense are:		
Current income tax charge	3,153,234	5,948,220
Deferred income tax	2,526,078	(2,694,813)
Adjustments in respect of current income tax of previous years (a)	(19,650)	(27,351)
Income tax expense reported in the statement of financial performance	5,659,662	3,226,056
Income tax expense is attributable to:		
Profit from continuing operations	5,659,662	4,676,309
Profit from discontinued operation	-	(1,450,253)
Aggregate income tax expense	5,659,662	3,226,056
(a) The adjustment in respect of current income tax includes an under/(over) provision on tax liability arising from the 2017 income tax year.		
6.2 Current Tax Liabilities:		
<i>Income tax payable:</i>		
Balance at the end of the year	1,301,475	4,217,590

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

6.3 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 2018</i>			
Equity accounted income	304,003	-	304,003
	<u>304,003</u>	<u>-</u>	<u>304,003</u>
<i>Year ended 30 June 2017</i>			
Provisions and accrued expenses	627,228	-	627,228
Impairment expenses	5,204,147	-	5,204,147
Share raising costs	-	491	491
Equity accounted investments	109,563	-	109,563
Property, plant and equipment	41,085	-	41,085
Other	4,384	-	4,384
Tax losses	4,886,488	-	4,886,488
Deferred tax assets not recognised	(5,318,801)	-	(5,318,801)
	<u>5,554,094</u>	<u>491</u>	<u>5,554,585</u>

6.4 Deferred Tax Liabilities

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

<i>Year ended 30 June 2018</i>			
Financial assets	4,108,800	806,316	4,915,116
Provisions and accrued expenses	(1,015,790)	-	(1,015,790)
Property, plant and equipment	(268,526)	-	(268,526)
Equity accounted income	8,143,018	-	8,143,018
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Other	59,076	-	59,076
Tax losses	(4,676,573)	-	(4,676,573)
Deferred tax liabilities not recognised	(3,651,085)	-	(3,651,085)
	<u>3,125,167</u>	<u>806,316</u>	<u>3,931,483</u>
<i>Year ended 30 June 2017</i>			
"Available-for-sale" investments	5,386,177	-	5,386,177
Receivables	1,652,868	-	1,652,868
Equity accounted income	9,576,342	-	9,576,342
Intangible assets	21,000	-	21,000
Gain on acquisition	405,247	-	405,247
Deferred tax liabilities not recognised	(11,068,898)	-	(11,068,898)
	<u>5,972,736</u>	<u>-</u>	<u>5,972,736</u>

Deferred income tax assets are offset against deferred income tax liabilities to the extent that it is probable that the timing of the utilisation of the temporary differences will occur in the same accounting period, a legally enforceable right exists to set off tax assets and liabilities and that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 6: INCOME TAX (CONTINUED)

6.5 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

	2018 \$	2017 \$
Basic and diluted earnings per share		
From continuing operations attributable to the members of the parent entity	0.1900	0.1993
From discontinued operations attributable to the members of the parent entity	-	0.0308
Total basic and diluted earnings per share attributable to the members of the parent entity	0.1900	0.2301
<i>Reconciliation of earnings used in the calculation of earnings per share:</i>		
Profit after income tax from continuing operations	27,072,642	24,269,731
Less: non-controlling interest in continuing operations	(4,356,266)	(444,825)
Net profit from continuing operations attributable to members of the parent entity	22,716,376	23,824,906
Profit after income tax from discontinued operation	-	5,187,680
Less: non-controlling interest in discontinued operation	-	(1,511,232)
Net profit from discontinued operation attributable to members of the parent entity	-	3,676,448
Net profit attributable to members of the parent entity	22,716,376	27,501,354
	Number of Shares	
Weighted average number of ordinary shares – Basic and Diluted	119,532,788	119,532,788
Number of shares on issue at the end of the year	119,532,788	119,532,788

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

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 changes in equity:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2018 Interim dividend on ordinary shares	7.00	8,367,295	7 March 2018	30%	100%
2017 Final dividend on ordinary shares	8.00	9,562,623	6 September 2017	30%	100%
2017 Interim dividend on ordinary shares	5.00	5,976,640	8 March 2017	30%	100%
2017 Special dividend on ordinary shares	10.00	11,953,279	14 December 2016	30%	100%
2016 Final dividend on ordinary shares	5.00	5,976,639	15 September 2016	30%	100%

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

A final fully franked dividend in respect of the year ended 30 June 2018 of 8 cents per share was declared on 17 August 2018 to be paid on 5 September 2018 to those shareholders registered on 23 August 2018.

The Company	
2018	2017
\$	\$

Dividend franking account

Franking credits available to shareholders for subsequent financial years	<u>8,912,928</u>	<u>9,713,337</u>
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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: FINANCIAL ASSETS AT AMORTISED COST

Current

Trade receivables	2,508,541	841,041
Amounts due from customers for contract work	743,050	-
Other receivables and prepayments	1,089,310	2,563,710
Loans to associated entities	9,005,771	7,378,266
Loans to other corporations	28,868,585	18,893,021
	<u>42,215,257</u>	<u>29,676,038</u>

Trade and other receivables includes a retention of \$743,050 (2017: nil) relating to a construction contract in progress.

Non-current

Other receivables and prepayments	396,694	-
Loans to associated entities	11,471,043	14,462,408
Impairment of loans to associated entities	-	(1,829,206)
Loans to other corporations	5,443,107	8,633,937
	<u>17,310,844</u>	<u>21,267,139</u>

Effective 1 July 2017 following the adoption of AASB 9 *Financial Instruments* loans and receivables have been reclassified to financial assets at amortised cost. Refer note 1.13.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 9: LOANS AND OTHER RECEIVABLES (CONTINUED)

9.1 Trade receivables

Trade receivables are non-interest bearing and are generally on 3 - 30 day terms. 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.

	2018	2017
	\$	\$
<i>Movements in the provision for impairment loss were as follows:</i>		
Carrying amount at the beginning of the year	-	65,841
Receivables written off during the year as uncollectible	(75,297)	-
Provision for impairment recognised during the year	75,297	-
Disposal through sale of controlled entities	-	(65,841)
	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>-</u>

The ageing analysis of the trade receivables is as follows:

	Total	Not past due	0 - 30 days (PDNI)	31 - 60 days (PDNI)	61 - 90 days (PDNI)	+91 days (PDNI)
	\$	\$	\$	\$	\$	\$
Closing balance - 2018	2,508,541	2,008,541	-	-	-	500,000
Closing balance - 2017	841,041	314,700	4,707	7,512	4,707	509,415

PDNI – Past due not impaired

CI – Considered impaired

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.

	2018	2017
	\$	\$
<i>Movements in the provision for impairment loss were as follows:</i>		
Carrying amount at the beginning of the year	1,829,206	-
Charge for the year	-	1,829,206
Amount recovered	(1,829,206)	-
	<u>-</u>	<u>-</u>
Carrying amount at the end of the year	<u>-</u>	<u>1,829,206</u>

Further details of loans are set out in notes 33 and 36.

9.3 Construction contract

A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings. The net contract position is recorded in the Statement of Financial Position as an asset. The net position for ongoing construction contracts relates to:

The aggregate costs incurred and recognised profits (less recognised losses if applicable) to date	10,221,677	-
Less: Progress billings	(9,478,627)	-
	<u>743,050</u>	<u>-</u>
Net position for ongoing contracts	<u>743,050</u>	<u>-</u>

Measurement of construction contract revenue and expense

CVC uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the completion of a physical proportion of the contract work up to the end of the reporting period as a percentage of total contract work for each contract.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
NOTE 10: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE”		
Non-current		
Shares in listed corporations – at market value	-	46,873,395
Other investments – at cost	-	3,388,875
Impairment of other investments – at cost	-	(421,000)
Public unlisted investments – at market value	-	1,328,968
Other investments – at market value	-	5,232,344
	-	56,402,582

Where there has been a reduction in the share price of an investment that appears to be prolonged or significant 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. All “Financial assets - available-for-sale” investments have been reallocated to “Financial assets – at fair value through profit or loss” following the adoption of AASB 9 *Financial Instruments*. Refer note 37.

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 Bionomics Limited, Cellnet Group Limited, Cyclopharm Limited, Heritage Brands Ltd, Lantern Hotel Group, Mitchell Services Limited, Prime Media Group Limited, 360 Capital Total Return Fund, Universal Biosensors Inc. and Vita Life Sciences Limited. 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 36.6.

10.2 Other investments – at cost

The carrying value of certain investments classified as “Other investments – at cost” has been determined by using an asset based methodology approach less transaction costs based on the most recent audited financial report. The determination of the fair value has resulted in an impairment allowance of \$421,000 for financial year 2017.

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 \$5,232,344 for financial year 2017 has been determined by using the fair value approach. The most recent capital raising undertaken was considered to an appropriate indication for the fair value of the investment.

NOTE 11: ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets held for sale		
Land	11,620,343	-

Subsequent to year end CVC completed the settlement of a sale agreement for a commercial site at Port Macquarie, New South Wales on 7 August 2018. The holding is presented within total assets of the Property segment in note 31.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
NOTE 12: FINANCIAL ASSETS – “AT FAIR VALUE THROUGH PROFIT OR LOSS”		
Current		
Shares in listed corporations	48,368,616	15,309,160
Non-current		
Shares in listed corporations	38,399,138	5,034,187
Shares in unlisted corporations	18,252,318	-
	<u>56,651,456</u>	<u>5,034,187</u>

12.1 Shares in listed corporations

The carrying value of investments classified as “Shares in listed corporations” 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 Bionomics Limited, Carawine Resources Limited, Cellnet Group Limited, Cyclopharm Limited, Heritage Brands Ltd, Incentiapay Limited, IDT Australia Limited, Indoor Skydive Australia Group Limited, Lantern Hotel Group, Longtable Group Ltd, Mitchell Services Limited, Prime Media Group Limited, Probiotec Limited, Tasfoods Limited, Telix Pharmaceuticals Limited, Universal Biosensors Inc., US Residential Fund, Villa World Limited and Vita Life Sciences Limited. 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 36.6.

12.2 Shares in unlisted corporations

The carrying value of investments classified as “Shares in unlisted corporations” has been determined by 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.

NOTE 13: INVENTORIES

Current		
Land development sites held for resale	3,605,672	6,621,201
Non-current		
Land development sites held for resale	18,150,818	15,758,428

Inventories recognised as an expense for the year ended 30 June 2018 totalled \$8,321,425 (2017: \$36,774,690). This expense has been included in the Statement of Financial Performance.

NOTE 14: OTHER ASSETS

Current		
Prepayments and deposits	371,073	186,764

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2018	2017
	\$	\$
Non-current		
Equity accounted interests in joint ventures	2,852,327	3,244,407
Equity accounted shares in listed associated companies	18,536,741	12,477,997
Equity accounted shares in other associated companies	11,047,634	18,117,445
	<u>32,436,702</u>	<u>33,839,849</u>

Management have reviewed the recoverable amount of investments to determine whether an impairment is required. The amount of any impairment has been determined after consideration of the recoverable amount 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.

- 79 Logan Road Trust

The carrying value of 79 Logan Road Trust has been calculated as \$3,027,222 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- Australian Invoice Finance Limited

The carrying value of Australian Invoice Finance Limited has been calculated as \$2,283,650 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- Bigstone Capital Pty Limited

The carrying value of Bigstone Capital Pty Limited has been calculated as \$1,064,648 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- Donnybrook JV Pty Ltd

The carrying value of Donnybrook JV Pty Ltd has been calculated as \$3,178,478 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- Eildon Capital Limited

The carrying value of Eildon Capital Limited ("EDC") has been calculated at \$18,536,741. It has been determined by using the fair value approach. The closing "bid-price" of EDC on 30 June 2018 was \$1.04 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 36.6 and note 36.8.

- Eildon Funds Management Limited

The carrying value of Eildon Funds Management Limited has been calculated as \$189,109 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- JAK Investment Group Pty Limited

The carrying value of JAK Investment Group Pty Limited has been calculated as \$317,513 based on the net asset backing methodology, using the most recent reports provided by the trust. Refer note 36.7.

- LAC Unit Trust

The carrying value of LAC Unit Trust has been calculated as \$688,928 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- MAKE EBRB Dev Nominee Pty Ltd

The carrying value of MAKE EBRB Dev Nominee Pty Ltd has been calculated as \$2,852,327 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

- Turrella Property Unit Trust

The carrying value of Turrella Property Unit Trust has been calculated as \$247,749 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 36.7.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.1 Details of material interests in investments accounted for using the equity method are as follows:

		Ownership Interest		Investment Carrying Amount		Dividend Received/Receivable	
	Type	Consolidated		Consolidated		Consolidated	
		2018	2017	2018	2017	2018	2017
		%	%	\$	\$	\$	\$
Associated entities							
79 Logan Road Pty Ltd	Ords	35.0	35.0	35	35	-	-
79 Logan Road Trust	Ords	35.0	35.0	3,027,222	3,360,092	5,775	126,700
Australian Invoice Finance Limited	Ords	47.6	-	2,283,650	-	-	-
Bigstone Capital Pty Limited	Ords	29.0	-	1,064,648	-	-	-
BioPower Systems Pty Limited	Ords	25.1	25.1	-	-	-	-
Cedar and Stone Pty Ltd	Ords	20.0	-	50,000	-	-	-
Concise Asset Management Limited	Ords	-	42.0	-	1,016,683	-	336,000
Donnybrook JV Pty Ltd	Ords	49.0	49.0	3,178,478	8,098,961	-	-
Eildon Capital Limited	Ords	38.7	39.3	18,536,741	12,477,997	1,447,568	568,893
Eildon Funds Management Limited	Ords	40.0	40.0	189,109	73,013	-	-
JAK Investment Group Pty Ltd	Ords	40.0	40.0	317,513	182,330	-	145,600
Kingsgrove Property LMC Pty Ltd (a)	Ords	50.0	50.0	-	-	-	-
LAC Unit Trust	Ords	33.3	33.3	688,928	659,010	-	-
LAC JV Pty Ltd	Ords	33.3	33.3	100	100	-	-
Mooloolaba Wharf Holding Company Pty Limited (a)	Ords	50.0	50.0	50	50	-	-
South Pack Laboratories (Aust) Pty Ltd	Ords	-	48.0	-	4,483,171	768,000	-
The Kingsgrove (Vanessa Road) Unit Trust	Ords	25.0	25.0	-	-	-	-
The Maroochydore Medical Centre Facility Unit Trust (a)	Ords	50.0	-	50	-	-	-
Turrella Property Pty Ltd (a)	Ords	32.5	50.0	102	-	-	-
Turrella Property Unit Trust (a)	Ords	32.5	50.0	247,749	244,000	-	-
Urban Properties Cairns Pty Limited	Ords	20.0	20.0	-	-	-	-
Urban Properties Centenary Pty Limited	Ords	20.0	20.0	-	-	-	-
Urban Properties Pty Limited	Ords	33.3	33.3	-	-	-	-
Joint Ventures							
MAKE 246 EBRB Pty Ltd (a)	Ords	50.0	50.0	-	-	-	-
MAKE EBRB Dev Nominee Pty Ltd (a)	Ords	50.0	50.0	2,852,327	3,244,407	-	-
				32,436,702	33,839,849	2,221,343	1,177,193

- (a) Kingsgrove Property LMC Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, The Maroochydore Medical Centre Facility Unit Trust, MAKE EBRB Dev Nominee Pty Ltd, MAKE 246 EBRB Pty Ltd, Turrella Property Pty Ltd and Turrella Property Unit Trust are not considered to be controlled entities of CVC as management of each entity is controlled by the holders of the remaining shareholding.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.2 Information on investments accounted for using the equity method:

Associated entities

79 Logan Road Pty Ltd	- trustee of 79 Logan Road Trust.
79 Logan Road Trust	- a commercial property in Woolloongabba, Queensland with a long term lease to an ASX listed entity, with residential development approval.
Australian Invoice Finance Limited	- an investment company that provides finance to small business.
Bigstone Capital Pty Limited	- an investment company that provides finance to small business using a peer-to-peer marketplace to fund loans.
BioPower Systems Pty Limited	- a renewable energy technology company.
Cedar and Stone Pty Ltd	- a 100% plant based skin care company.
Concise Asset Management Limited	- a boutique fund manager focused on investments in ASX listed entities.
Donnybrook JV Pty Ltd	- a residential property development in Donnybrook, Victoria.
Eildon Capital Limited	- an active property investment company which participates in retail, industrial, residential and commercial opportunities.
Eildon Funds Management Limited	- an investment manager and the holder of a financial services licence.
JAK Investment Group Pty Limited	- a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
Kingsgrove Property LMC Pty Ltd	- trustee of The Kingsgrove (Vanessa Road) Unit Trust.
LAC Unit Trust	- a residential property development in Moorebank, New South Wales.
LAC JV Pty Ltd	- trustee of LAC Unit Trust.
Mooloolaba Wharf Holding Company Pty Limited	- the landowner of "The Wharf" Mooloolaba, Parkland Parade and River Esplanade in Mooloolaba, Queensland.
South Pack Laboratories (Aust) Pty Ltd	- a pharmaceutical contract packaging company.
The Kingsgrove (Vanessa Road) Unit Trust	- a residential property development in Kingsgrove, New South Wales.
The Maroochydore Medical Centre Facility Unit Trust	- a residential property development in Maroochydore, Queensland.
Turrella Property Unit Trust	- a residential property development in Turrella, New South Wales.
Turrella Property Pty Ltd	- trustee of Turrella Property Unit Trust.
Urban Properties Pty Limited	- a residential property development in Trinity Beach, Queensland.
Urban Properties Cairns Pty Limited	- a residential property development in Edmonton, Queensland.
Urban Properties Centenary Pty Limited	- a residential property development in Manoora, Queensland.

Joint Ventures

MAKE 246 EBRB Pty Ltd	- the landowner of a commercial site at 240-246 East Boundary Rd, East Bentleigh, Victoria. The property is progressing through a re-zoning process for a range of commercial, retail and residential uses.
MAKE EBRB Dev Nominee Pty Ltd	- the developer of 240-246 East Boundary Rd, East Bentleigh, Victoria.

The reporting date of all the associated entities and joint ventures is 30 June.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.3 Reconciliations:

Movements in the carrying amount of the investments accounted for using the equity method are as follows:

	<i>Joint Venture</i>			<i>Associated entities</i>						
	MAKE EBRB Dev Nominee Pty Ltd	Australian Invoice Finance Limited	Donnybrook JV Pty Ltd (c)	Eildon Capital Limited (b)	South Pack Laboratories (Aust) Pty Ltd	79 Logan Road Trust (b)	Bigstone Capital Pty Limited	Concise Asset Management Limited	Other Entities (a)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2018										
Balance at the beginning of the year	3,244,407	-	8,098,961	12,477,997	4,483,171	3,360,092	-	1,016,683	1,158,538	33,839,849
New interests acquired	-	2,500,000	-	6,237,996	-	-	1,640,000	-	83,017	10,461,013
Interest disposed	-	-	-	-	(4,041,870)	-	-	(968,543)	-	(5,010,413)
Share of profits before tax	(392,080)	(216,350)	(70,634)	1,654,587	466,713	(81,920)	(575,352)	(68,817)	352,286	1,068,433
Share of tax expenses	-	-	50,151	(498,968)	(140,014)	-	-	20,677	(100,205)	(668,359)
Return of capital	-	-	(4,900,000)	-	-	(245,175)	-	-	-	(5,145,175)
Dividend paid	-	-	-	(1,447,568)	(768,000)	(5,775)	-	-	-	(2,221,343)
Revaluation of investment	-	-	-	112,697	-	-	-	-	-	112,697
Balance at the end of the year	<u>2,852,327</u>	<u>2,283,650</u>	<u>3,178,478</u>	<u>18,536,741</u>	<u>-</u>	<u>3,027,222</u>	<u>1,064,648</u>	<u>-</u>	<u>1,493,636</u>	<u>32,436,702</u>
Year ended 30 June 2017										
Balance at the beginning of the year	3,486,434	-	-	-	-	-	-	1,125,489	751,449	5,363,372
New interests acquired	-	-	-	274,002	3,840,000	3,383,325	-	-	561,881	8,059,208
Share of profits before tax	(242,027)	-	(107,046)	591,150	918,816	103,467	-	324,564	(106,265)	1,482,659
Share of tax expenses	-	-	-	(177,346)	(275,645)	-	-	(97,370)	9,256	(541,105)
Dividend paid	-	-	-	(568,893)	-	(126,700)	-	(336,000)	(145,600)	(1,177,193)
Impairment	-	-	-	(197,233)	-	-	-	-	-	(197,233)
Reclassification of investments	-	-	8,206,007	12,556,317	-	-	-	-	87,817	20,850,141
Balance at the end of the year	<u>3,244,407</u>	<u>-</u>	<u>8,098,961</u>	<u>12,477,997</u>	<u>4,483,171</u>	<u>3,360,092</u>	<u>-</u>	<u>1,016,683</u>	<u>1,158,538</u>	<u>33,839,849</u>

(a) Other entities include 79 Logan Road Pty Ltd, BioPower Systems Pty Limited, Cedar and Stone Pty Ltd, Eildon Funds Management Limited, JAK Investment Group Pty Ltd, Kingsgrove Property LMC Pty Ltd, LAC Unit Trust, LAC JV Pty Ltd, Mooloolaba Wharf Holding Company Pty Limited, The Kingsgrove (Vanessa Road) Unit Trust, The Maroochydore Medical Centre Facility Unit Trust, Turrella Property Pty Ltd, Turrella Property Unit Trust, Urban Properties Cairns Pty Limited, Urban Properties Pty Limited, Urban Properties Centenary Pty Limited and MAKE 246 EBRB Pty Ltd.

(b) 79 Logan Road Trust was reclassified as an associate on 24 February 2017 following the completion of the capital raising and ASX listing of Eildon Capital Limited. This ASX listing of Eildon Capital Limited resulted in CVC's share of the company being reduced from 56% to 38.5%.

(c) Following a review of the terms of the loan facility provided by CVC and Donnybrook JV Pty Limited, the loan provided was considered to be treated as an equity investment.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method

The table below provide summarised financial information for those investments accounted for using the equity method that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant investments accounted for using the equity method and not CVC's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	MAKE EBRB Dev Nominee Pty Ltd		Australian Invoice Finance Limited		Donnybrook JV Pty Ltd (c)		Eildon Capital Limited (a)		South Pack Laboratories (Aust) Pty Ltd		79 Logan Road Trust (b)		Bigstone Capital Pty Limited		Concise Asset Management Limited	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Summarised balance sheet																
Current assets	1,085,138	513,443	4,868,464	-	260,059	540,551	39,548,868	27,004,209	-	4,388,756	54,692	141,468	4,742,602	-	-	1,597,711
Current liabilities	-	134,454	76,384	-	22,557,247	211,056	1,552,191	2,017,947	-	1,295,714	46,958	41,458	4,688,286	-	-	343,177
Current net assets	1,085,138	378,989	4,792,080	-	(22,297,188)	329,495	37,996,677	24,986,262	-	3,093,042	7,734	100,010	54,316	-	-	1,254,534
Non-current assets	26,548,723	26,596,359	2,802	-	28,783,878	26,948,883	9,875,677	6,840,674	-	6,262,855	20,131,472	20,990,254	1,226,397	-	-	13,707
Non-current liabilities	21,929,208	20,486,535	-	-	-	10,749,886	-	-	-	15,958	11,490,000	11,490,000	1,361,757	-	-	-
Non-current net assets	4,619,515	6,109,824	2,802	-	28,783,878	16,198,997	9,875,677	6,840,674	-	6,246,897	8,641,472	9,500,254	(135,360)	-	-	13,707
Net assets	5,704,653	6,488,813	4,794,882		6,486,690	16,528,492	47,872,354	31,826,936	-	9,339,939	8,649,206	9,600,264	(81,044)	-	-	1,268,241
Reconciliation to carrying amounts:																
Opening net assets 1 July	6,488,813	6,972,868	(600)	-	16,528,492	(159,441)	31,826,936	-	-	-	9,600,264	-	1,002,321	-	-	1,527,301
Shares issued	-	-	5,250,000	-	-	-	16,236,674	9,734,428	-	8,000,000	-	-	2,120,417	-	-	-
(Loss)/profit for the period	(784,160)	(484,055)	(454,518)	-	(41,802)	(58,021)	3,006,055	1,063,559	-	1,339,939	(234,058)	295,620	(3,203,782)	-	-	540,940
Reclassification of investment	-	-	-	-	-	16,745,954	-	23,041,771	-	-	-	9,666,644	-	-	-	-
Dividend paid	-	-	-	-	-	-	(3,197,311)	(2,012,822)	-	-	(16,499)	(362,000)	-	-	-	(800,000)
Return of capital	-	-	-	-	(10,000,000)	-	-	-	-	-	(700,501)	-	-	-	-	-
Closing net assets	5,704,653	6,488,813	4,794,882	-	6,486,690	16,528,492	47,872,354	31,826,936	-	9,339,939	8,649,206	9,600,264	(81,044)	-	-	1,268,241

(a) On 24 February 2017 Eildon Capital Limited completed a capital raising and ASX listing which resulted in CVC's share of the company being reduced from 56% to 38.5%.

(b) Following the reduction in CVC's ownership of Eildon Capital Limited on 24 February 2017, 79 Logan Road Trust was reclassified as an associate.

(c) Following a review of the terms of the loan facility provided by CVC and Donnybrook JV Pty Limited, the loan provided was considered to be treated as an equity investment.

CVC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.4 Summarised financial information for investments accounted for using the equity method (continued)

	MAKE EBRB Dev Nominee Pty Ltd		Australian Invoice Finance Limited		Donnybrook JV Pty Ltd (c)		Eildon Capital Limited (a)		South Pack Laboratories (Aust) Pty Ltd		79 Logan Road Trust (b)		Bigstone Capital Pty Limited		Concise Asset Management Limited	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Group's share - percentage	50%	50%	47.6%	-	49%	49%	38.7%	39%	-	48%	35%	35%	29%	-	-	42%
Group's share - dollars	2,852,327	3,244,407	2,282,364	-	3,178,478	8,098,961	18,526,601	12,412,505	-	4,483,171	3,027,222	3,360,092	(23,503)	-	-	532,661
Adjusted to market value	-	-	1,286	-	-	-	10,140	65,492	-	-	-	-	1,088,151	-	-	484,022
Discount on acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount	2,852,327	3,244,407	2,283,650	-	3,178,478	8,098,961	18,536,741	12,477,997	-	4,483,171	3,027,222	3,360,092	1,064,648	-	-	1,016,683
Summarised statement of comprehensive income																
Revenue	1,896,391	2,035,452	395,421	-	117,681	120,689	5,473,374	1,854,563	2,381,163	4,931,361	1,074,292	575,000	304,288	-	566,370	2,447,852
(Loss)/profit for the period	(784,160)	(484,055)	(454,518)	-	(41,802)	(58,021)	3,006,055	1,063,559	680,623	1,339,939	(234,058)	295,620	(3,203,782)	-	(114,619)	540,940
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(784,160)	(484,055)	(454,518)	-	(41,802)	(58,021)	3,006,055	1,063,559	680,623	1,339,939	(234,058)	295,620	(3,203,782)	-	(114,619)	540,940
Dividends received	-	-	-	-	-	-	1,447,568	568,893	768,000	-	5,775	126,700	-	-	-	336,000

(a) On 24 February 2017 Eildon Capital Limited completed a capital raising and ASX listing which resulted in CVC's share of the company being reduced from 56% to 38.5%.

(b) Following the reduction in CVC's ownership of Eildon Capital Limited on 24 February 2017, 79 Logan Road Trust was reclassified as an associate.

(c) Following a review of the terms of the loan facility provided by CVC and Donnybrook JV Pty Limited, the loan provided was considered to be treated as an equity investment.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 15: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

15.5 Individually immaterial investments accounted for using the equity method

In addition to the interests in investments accounted for using the equity method disclosed above, the group also has interests in a number of individually immaterial investments that are accounted for using the equity method.

	2018 \$	2017 \$
Aggregate carrying amount of individually immaterial investments accounted for using the equity method	1,493,636	1,158,538
Aggregate amounts of CVC's share of:		
Profit/(loss) for the period	252,081	(97,009)
	<u>252,081</u>	<u>(97,009)</u>
Total comprehensive income	<u>252,081</u>	<u>(97,009)</u>

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

16.1 Total property, plant and equipment	342,861	397,403
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Comprises:

Plant and equipment

At cost	301,737	279,175
Accumulated depreciation	(151,171)	(95,360)
	<u>150,566</u>	<u>183,815</u>

Leasehold improvements

At cost	208,942	200,844
Accumulated depreciation	(43,647)	(14,256)
	<u>165,295</u>	<u>186,588</u>

Properties

At cost	27,000	27,000
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16.2 Reconciliation

Plant and equipment

Carrying amount at the beginning of the year	183,815	494,175
Additions	22,562	76,812
Depreciation	(55,811)	(119,646)
Disposal of plant and equipment arising from disposal of controlled entity	-	(267,526)
	<u>150,566</u>	<u>183,815</u>

Carrying amount at the end of the year

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 16: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
16.2 Reconciliation (continued)		
<i>Leasehold improvements</i>		
Carrying amount at the beginning of the year	186,588	59,982
Addition	8,098	200,844
Depreciation	(29,391)	(74,238)
	<u>165,295</u>	<u>186,588</u>
<i>Properties</i>		
Carrying amount at the beginning and end of the year	<u>27,000</u>	<u>27,000</u>
NOTE 17: INVESTMENT PROPERTIES		
Investment properties (note 34)		
Non-current	<u>1,350,000</u>	<u>8,578,697</u>
Comprises:		
Leased properties	1,350,000	1,350,000
Development properties	-	7,228,697
	<u>1,350,000</u>	<u>8,578,697</u>
Reconciliation:		
Investment properties at the beginning of the year	8,578,697	13,159,852
Additions – acquisition of properties	-	20,294,951
Additions – capital expenditure	1,711,382	1,353,626
Reclassification to held for sale	(11,620,343)	-
Reclassification to inventory	-	(4,330,691)
Fair value adjustment	2,680,264	-
Disposal of properties arising from disposal of controlled entity	-	(20,967,926)
Impairment	-	(931,115)
	<u>1,350,000</u>	<u>8,578,697</u>
Amounts recognised in comprehensive income		
Rental income	194,957	343,946
Outgoing recovery	31,283	26,579
Direct operating expenses from property that generated rental income	25,141	27,856
17.1 Leased properties		
423 – 479 Pumicestone Road, Caboolture	<u>1,350,000</u>	<u>1,350,000</u>

The fair value has been determined based on an independent valuation prepared by JLL Hotels & Hospitality Group.

	2018	2017
	Weighted average	
Capitalisation rate	10.16%	10.16%
Lease expiry	0.33 years	1.33 years
Occupancy	100%	100%

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018 \$	2017 \$
NOTE 17: INVESTMENT PROPERTIES (CONTINUED)		
17.2 Others		
Non-current		
Investment properties	-	7,228,697
	<u>-</u>	<u>7,228,697</u>
The fair value has been determined by Directors as an estimate based on costs incurred to 30 June 2017.		
NOTE 18: INTANGIBLE ASSETS		
Intangible assets	-	-
	<u>-</u>	<u>-</u>
Reconciliations:		
<i>Intangible assets</i>		
Carrying amount at the beginning of the year	-	52,435
Additions	6,144	7,738
Amortisation	-	(14,915)
Disposal through sale of controlled entities	-	(45,258)
Impairment	(6,144)	-
	<u>(6,144)</u>	<u>-</u>
Carrying amount at the end of the year	-	-
	<u>-</u>	<u>-</u>
NOTE 19: TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	4,591,316	1,126,198
Sundry creditors and accruals	5,510,182	7,025,473
	<u>10,101,498</u>	<u>8,151,671</u>
NOTE 20: PROVISIONS		
Current		
Employee entitlements	867,798	773,334
	<u>867,798</u>	<u>773,334</u>
Non-Current		
Employee entitlements	21,005	18,825
	<u>21,005</u>	<u>18,825</u>
NOTE 21: INTEREST BEARING LOANS AND BORROWINGS		
Current		
Secured loan	2,583,121	12,679,439
	<u>2,583,121</u>	<u>12,679,439</u>
Non-Current		
Secured loans	13,930,628	-
Unsecured loan from associated entity	9,677,586	10,123,967
Convertible notes	55,236,987	-
	<u>78,845,201</u>	<u>10,123,967</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

<i>Reconciliation:</i>	<i>Liabilities from financing activities</i>			
	Secured loans	Unsecured loan from associated entity	Convertible notes	Total
	\$	\$	\$	\$
Year ended 30 June 2018				
Liabilities at the beginning of the year	12,679,439	10,123,967	-	22,803,406
Cash flows	2,583,121	(654,583)	60,000,000	61,928,538
Transaction costs	-	-	(1,996,652)	(1,996,652)
Other non-cash movements	1,251,189	208,202	(2,766,361)	(1,306,970)
	<u>16,513,749</u>	<u>9,677,586</u>	<u>55,236,987</u>	<u>81,428,322</u>
Liabilities at the end of the year	<u>16,513,749</u>	<u>9,677,586</u>	<u>55,236,987</u>	<u>81,428,322</u>
Year ended 30 June 2017				
Liabilities at the beginning of the year	14,633,192	10,105,812	-	24,739,004
Cash flows	(1,953,753)	(1,014,117)	-	(2,967,870)
Other non-cash movements	-	1,032,272	-	1,032,272
	<u>12,679,439</u>	<u>10,123,967</u>	<u>-</u>	<u>22,803,406</u>
Liabilities at the end of the year	<u>12,679,439</u>	<u>10,123,967</u>	<u>-</u>	<u>22,803,406</u>

21.1 Secured Loans

The secured loans are secured by a first ranking charge over the applicable assets.

	2018 \$	2017 \$
Facility Amount		
Lot 11 Richards Road, Riverstone New South Wales	13,930,628	12,679,439
ASX listed shares	2,583,121	-
	<u>16,513,749</u>	<u>12,679,439</u>
Security		
Lot 11 Richards Road, Riverstone New South Wales (note 13)	11,791,315	11,427,737
ASX listed shares		
Financial assets – “at fair value through profit or loss”		
Current (note 12)	48,368,616	-
Non-current (note 12)	38,399,138	-
Investments accounted for using the equity method (note 15)	18,536,741	-
	<u>105,304,495</u>	<u>-</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 21: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

21.2 Unsecured loan from associated entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 6.5% per annum repayable by 19 July 2019.

21.3 Convertible notes

The Company issued 600,000 convertible notes for \$60 million on 22 June 2018. The coupon rate for the note is 3.75% plus the 90 day Bank Bill Swap Rate. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 22 June 2023. The conversion price is \$3.40 per ordinary share but subject to adjustments for reconstructions of equity. The convertible notes are presented in the Statement of Financial Position as follows:

	2018 \$
Face value of notes issued	60,000,000
Other equity securities – value of conversion rights (note 23)	(2,784,907)
Transaction cost – liability component	(1,996,652)
	<u>55,218,441</u>
Interest expense (a)	105,368
Interest paid (b)	(86,822)
	<u>55,236,987</u>

(a) Interest expense is calculated by applying the effective interest rate of 7.16% to the liability component.

(b) Interest accrued as at 30 June 2018 included in other payables. Refer note 19.

The initial fair value of the liability portion of the bond was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is regarded as the value of the conversion rights and is recognised in shareholders' equity, net of income tax.

NOTE 22: CONTRIBUTED EQUITY

	The Company			
	2018		2017	
	Number	\$	Number	\$
Issued and paid-up ordinary share capital				
Balance at the beginning and end of the year	<u>119,532,788</u>	<u>103,646,848</u>	<u>119,532,788</u>	<u>103,646,848</u>

On 27 November 2017 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 no shares had been bought back under this scheme.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$
NOTE 23: OTHER EQUITY		
Value of conversion rights – convertible notes	2,784,907	-
Transaction cost – equity component	(97,186)	-
Deferred tax liability component	(806,316)	-
	<u>1,881,405</u>	<u>-</u>

The value of the conversion rights relates to the convertible notes. See note 21.3.

NOTE 24: RETAINED EARNINGS

Retained earnings at the beginning of the year	80,631,251	72,766,639
Adoption of AASB 9	14,188,545	-
Net profit attributable to members of the parent company	22,716,376	27,501,354
Dividends	(17,929,918)	(23,906,558)
Share based payment	-	(1,241,925)
Transfer from reserve	-	5,511,741
	<u>99,606,254</u>	<u>80,631,251</u>

The opening retained earnings as at 1 July 2017 has been restated following the adoption of AASB 9 *Financial Instruments*. Refer note 37.

NOTE 25: NON-CONTROLLING INTEREST

Reconciliation of non-controlling interest in controlled entities:

Balance at the beginning of the year	286,780	12,311,226
Share of net profit	4,356,266	1,956,057
Acquisition of interests in controlled entities	-	(19,624)
Disposal of shares by non-controlling interest in controlled entities	4,095	(12,201,030)
Return of capital	-	(1,000,000)
Dividends paid	(3,294,062)	(843,552)
Share based payment	-	102,684
Revaluation of investments	-	(18,981)
	<u>1,353,079</u>	<u>286,780</u>

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

Share capital	946,294	948,949
Other reserves	-	2,048
Retained earnings/(accumulated losses)	406,785	(664,217)
	<u>1,353,079</u>	<u>286,780</u>

Refer to note 2.3 for more information.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 26: OTHER RESERVES

	Asset Revaluation Reserve \$	Employee Equity Benefit Reserve \$	Foreign Exchange Translation Reserve \$	Total \$
Year ended 30 June 2018				
Reserves at the beginning of the year	13,772,192	-	98,116	13,870,308
Adoption of AASB 9	(14,090,429)	-	(98,116)	(14,188,545)
	<u>(318,237)</u>	<u>-</u>	<u>-</u>	<u>(318,237)</u>
Reserves at the end of the year	<u>(318,237)</u>	<u>-</u>	<u>-</u>	<u>(318,237)</u>
Year ended 30 June 2017				
Reserves at the beginning of the year	19,103,188	5,367,223	323,857	24,794,268
Share based payments	-	(5,367,223)	-	(5,367,223)
Net unrealised loss on investments through reserves	(1,375,903)	-	(261,614)	(1,637,517)
Net unrealised loss on "available-for-sale" investments – non-controlling interest	372	-	295	667
Acquisition of non-controlling interest	1,264	-	-	1,264
Disposal of non-controlling interest	(253,686)	-	-	(253,686)
Realised profit on "available-for-sale" investments transferred to profit and loss	(1,972,413)	-	75,373	(1,897,040)
Realised (profit)/loss on "available-for-sale" investments transferred to profit and loss – non-controlling interest	16,058	-	2,256	18,314
Income tax on items taken directly to or from equity	(2,988,613)	-	(42,051)	(3,030,664)
Transfer to retained earnings	1,241,925	-	-	1,241,925
	<u>13,772,192</u>	<u>-</u>	<u>98,116</u>	<u>13,870,308</u>
Reserves at the end of the year	<u>13,772,192</u>	<u>-</u>	<u>98,116</u>	<u>13,870,308</u>

The opening Asset Revaluation Reserve and Foreign Exchange Translation Reserve as at 1 July 2017 have been restated following the adoption of AASB 9 *Financial Instruments*. Refer note 37.

26.1 Asset Revaluation Reserve

The asset revaluation reserve includes the movement in the fair value of investments to the extent that they offset one another and CVC's share of the unrealised change in value arising from the acquisition and disposal of a non-controlling interest in a controlled entity by CVC.

26.2 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.

26.3 Foreign Exchange Translation Reserve

The foreign exchange translation reserve includes exchange differences arising on translation of foreign entities where their functional currency is different to the presentation currency of CVC.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 27: NOTES TO STATEMENT OF CASH FLOWS

27.1 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:

	2018 \$	2017 \$
Cash on deposit	70,347,892	41,318,951
Funds held by bank (note 30)	745,393	427,765
Cash and cash equivalents	<u>71,093,285</u>	<u>41,746,716</u>

27.2 Reconciliation of Profit after Income Tax to Cash provided by Operating Activities

Net profit	27,072,642	29,457,411
<i>Adjustments for:</i>		
Share of equity accounted profits	(400,074)	(941,554)
Depreciation of property, plant and equipment	85,202	208,799
Bad debt	75,297	-
Change in fair value of investment properties	(2,680,264)	931,115
Impairment of intangible assets	6,144	-
Impairment expenses on financial instruments	179,904	2,475,624
Impairment recoveries on financial instruments	(2,180,742)	(9,794,635)
Profit on equity investments	(11,778,008)	(17,081,574)
Net foreign currency differences	98,698	20,398
Non-cash employee benefits expense-share based payments	-	247,201
Non-cash finance cost	145,038	751,273
Interest income not received	2,952,392	(2,536,575)
Interest expense not paid	208,203	1,032,272
Dividend income	3,898,422	(971,307)
Cost for convertible notes classified as investing cash flows	214,751	-
Movement in current tax liabilities	(2,915,215)	3,739,477
Movement in deferred tax assets and liabilities	2,403,013	(2,898,900)
<i>Changes in operating assets and liabilities:</i>		
Inventories	(1,446,061)	(3,675,575)
Equity investments	(16,893,416)	28,698,196
Trade and other receivables	(9,519,350)	9,015,150
Trade and other payables	1,911,279	6,265,277
Provisions	96,644	96,467
Other assets	(184,309)	(88,449)
Net cash (used in)/provided by operating activities	<u>(8,649,810)</u>	<u>44,950,091</u>

27.3 Financing Facilities

At 30 June 2018, CVC had access to the following specific lines of credit.

Total facilities available:		
Secured non-bank loan	13,930,628	12,679,439
Secured bank loan	20,000,000	-
Total facilities	<u>33,930,628</u>	<u>12,679,439</u>
Total facilities used:		
Secured non-bank loan	13,930,628	12,679,439
Secured bank loan	2,583,121	-
Secured bank loan (note 21)	<u>16,513,749</u>	<u>12,679,439</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 28: DISCONTINUED OPERATIONS

28.1 Description

On 24 February 2017 Eildon Capital Limited successfully completed a capital raising of \$10 million. This had the effect of reducing CVC's ownership from 56.0% to 38.5% and resulted in the deconsolidation of Eildon Capital Limited's operations from the group.

Following the reduction in CVC's ownership of Eildon Capital Limited on 24 February 2017, 79 Logan Road Trust was reclassified as an associate.

On 22 December 2016 CVC sold 83% of its holding in Cellnet Group Limited for a consideration of \$7,057,568.

On 16 November 2016 CVC sold 60% of its holding in Eildon Funds Management Limited for a consideration of \$420,000.

28.2 Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 24 February 2017.

	24 Feb 2017
	\$
Revenue	46,864,823
Expenses	(42,061,500)
Profit before income tax	4,803,323
Income tax expense	(1,130,499)
Profit after income tax of discontinued operation	3,672,824
Loss on sale of the subsidiaries before income tax	(1,065,896)
Income tax benefit	2,580,752
Gain on sale of the subsidiaries after income tax	1,514,856
Profit from discontinued operation	5,187,680
Attributable to	
Shareholders	3,676,448
Non-controlling interest	1,511,232
	5,187,680
Net cash outflow from operating activities	(7,443,519)
Net cash inflow from investing activities (includes a net outflow of \$1,368,382 from the sale of the subsidiaries)	1,112,202
Net cash inflow from financing activities	12,010,755
Net increase in cash generated by the subsidiaries	5,679,438

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 28: DISCONTINUED OPERATION (CONTINUED)

28.3 Details of the sale of the subsidiaries

	2017
	\$
Carrying value of assets and liabilities as at the date of sale	
Cash and other assets	8,845,950
Loan and other receivables	35,433,672
Inventories	13,231,096
Investments accounted for using the equity method	3,383,710
Investment properties	20,967,926
Other assets	1,913,478
Total assets	83,775,832
Trade creditors	(13,694,393)
Interest bearing loans and borrowings	(20,172,317)
Other liabilities	(2,425,504)
Total liabilities	(36,292,214)
Other reserves	731,860
Non-controlling interest	(18,815,754)
Net assets sold	29,399,724
Consideration	7,477,568
Fair value of the remaining shares	20,856,260
Carrying amount of net assets sold	(29,399,724)
Loss on sale before income tax	(1,065,896)
Income tax benefit	2,580,752
Gain on sale after income tax	1,514,856

NOTE 29: AUDITORS' REMUNERATION

	2018	2017
	\$	\$
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	130,486	174,500
Non-audit services – other assurance services	28,500	20,900
Amounts received or due and receivable by non HLB Mann Judd audit firms for:		
Audit or review of the financial report	-	66,816

The Auditors received no other benefits.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$

NOTE 30: COMMITMENTS AND CONTINGENCIES

30.1 Operating Lease Commitments

Non-cancellable operating lease expense

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

- within one year	585,034	565,250
- later than one year but not later than five years	2,635,604	2,501,307
- later than five years	421,321	1,124,242
	<u>3,641,959</u>	<u>4,190,799</u>

30.2 Operating leases - leases as lessor

An investment property is leased to a tenant under an operating lease with rentals payable monthly. The remaining lease terms are on average 0.33 years (2017: 1.33 years), excluding options for lease extensions upon completion of the lease term.

The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	47,114	139,993
Between one and five years	-	47,114
	<u>47,114</u>	<u>187,107</u>

Refer to note 17.1 for more information.

30.3 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.

CVC Limited and its 100% subsidiaries

Bank guarantees (a)	745,393	427,765
Guarantee (b)	11,752,650	5,497,800
Guarantee (c)	2,500,000	2,500,000
Guarantee (d)	<u>6,250,000</u>	<u>-</u>

- (a) The bank guarantees provided by CVC are secured by a term deposit.
- (b) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility in relation to 960-1000 Donnybrook Victoria.
- (c) The guarantee provided by CVC to National Australia Bank Limited is used as security for a loan facility and is secured by an interest in the Marsden Park Development Trust and other additional security.
- (d) The guarantee provided by CVC to Australia and New Zealand Banking Group Limited is used as security for a loan facility in relation to 246 East Boundary Road, East Bentleigh, Victoria.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

	2018	2017
	\$	\$

NOTE 30: COMMITMENTS AND CONTINGENCIES (CONTINUED)

30.4 Capital Commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Investment property		
Less than one year	-	2,205,000
	<u> </u>	<u> </u>
Construction contract		
Less than one year	18,887,911	-
	<u> </u>	<u> </u>

30.5 Options

Exposure on open written option positions.

Puts		
Later than 2 months but not more than 6 months	375,300	1,185,600
	<u> </u>	<u> </u>
Covered Calls		
Within 1 month	1,758,000	-
Later than 2 months but not more than 6 months	-	1,897,200
	<u> </u>	<u> </u>

30.6 Loans and other investments

Amounts available to be drawn by borrowers under existing loan facility agreements		
Related entities	2,428,543	9,564,464
Unrelated entities	7,402,543	6,330,764
	<u> </u>	<u> </u>
	9,831,086	15,895,228
	<u> </u>	<u> </u>

NOTE 31: SEGMENT INFORMATION

31.1 Primary Segments - Business Segments

Information for each business segment is shown in the following tables, in round thousands, as permitted under ASIC class order "ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191".

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.

31.2 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 2018 (CONTINUED)

NOTE 31: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2018	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	3,057	13,752	45,541	1,872	-	64,222
Inter-segment revenue	-	-	3,368	13,375	(16,743)	-
Unallocated amounts:						
Interest income						613
Consolidated revenue						64,835
Equity accounted income	(465)	1,156	(358)	67	-	400
Results:						
Total profit for reportable segments	2,689	13,739	24,553	480	-	41,461
Unallocated amounts: corporate expenses						(14,788)
Share of profit of equity accounted associates						400
Consolidated profit after tax						27,073
Assets:						
Segment assets	33,055	88,185	77,612	607	-	199,459
Unallocated amounts:						
Cash and cash equivalents						71,093
Equity accounted investments						32,437
Other assets						832
Total assets						303,821
Liabilities:						
Segment liabilities	5	4,442	28,115	167	-	32,729
Unallocated amounts:						
Other liabilities						64,923
Total liabilities						97,652

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 31: SEGMENT INFORMATION (CONTINUED)

Year Ended 30 June 2017	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Eliminations \$'000's	Consolidated \$'000's
<i>Continuing operations</i>						
Revenue:						
Total revenue for reportable segments	10,925	19,117	15,946	1,195	-	47,183
Inter-segment revenue	-	-	3,014	13,204	(16,218)	-
Unallocated amounts:						
Interest income						635
Consolidated revenue						47,818
Equity accounted income	643	414	(328)	213	-	942
Results:						
Total profit for reportable segments	10,325	18,685	5,815	674	-	35,499
Unallocated amounts: corporate expenses						(12,171)
Share of profit of equity accounted associates						942
Consolidated profit after tax						24,270
<i>Discontinued operation</i>						
Revenue						46,865
Net profit after tax						5,188
Assets:						
Segment assets	21,915	64,269	70,343	2,314	-	158,841
Unallocated amounts:						
Cash and cash equivalents						41,747
Equity accounted investments						33,840
Other assets						5,945
Total assets						240,373
Liabilities:						
Segment liabilities	3	22	27,386	2,387	-	29,798
Unallocated amounts:						
Other liabilities						12,140
Total liabilities						41,938

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION

32.1 Key management personnel compensation

	2018	2017
	\$	\$
Short-term employee benefits	1,560,126	1,674,179
Post-employment benefits	82,374	104,438
Other	-	11,894
Total	1,642,500	1,790,511

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

The following key management personnel have made co-investments in the projects of CVC and have contractual rights to receive distributions and capital returns received by CVC from the projects. Refer note 32.5.

	Key Management Personnel entitlement	
	ADH Beard	JA Hunter
Marsden Park Development Trust		
- the landowner of the property project in Marsden Park North, New South Wales	0.5%	0.5%
Donnybrook JV Pty Limited		
- the landowner of the property project in Donnybrook, Victoria	1.0%	0.8%

Apart from the details disclosed in this financial report, no other 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.

32.2 Shares issued by controlled entity

On 11 November 2016 Eildon Funds Management Limited issued 12.5% of its ordinary shares to an entity related to Alexander Damien Harry Beard. The issue price of \$87,500 was based on an independent valuation prepared by Longergan Edwards and Associates Limited.

On 11 November 2016 Eildon Funds Management Limited issued 20% of its ordinary shares to an entity related to John Hunter. The issue price of \$140,000 was based on an independent valuation prepared by Longergan Edwards and Associates Limited.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

32.3 Share-based payments

Cellnet Group Limited ("Cellnet") Option Plan

(i) Performance Rights Plan

On 24 October 2014 at Cellnet's Annual General Meeting, shareholders approved a Performance Rights Plan. Under this plan, performance rights are issued to key management personnel of Cellnet. The rights deliver ordinary shares to key management personnel (at no cost to the executive) where the performance hurdle in relation to those performance rights is met. Following the exercise of a right, the Company must, within such time as the Board determines issue or allocate to or acquire on market for the person exercising the right, the number of shares in respect of which the right has been exercised, credited as fully paid.

The fair value of the performance rights granted were determined by management of Cellnet using either a binomial pricing model (profit before tax ("PBT") hurdle) or trinomial lattice pricing model incorporating a Monte-Carlo simulation (total shareholder return ("TSR") hurdle) depending on the nature of the associated vesting conditions. Further terms and conditions include:

Grant date – 3 February 2015;

Rights granted – 3,300,000;

Expected volatility - 50%; and

Risk-free interest rate for the life of the options – 1.80%.

The following table illustrates movements in the number of performance rights on issue during the year.

Tranche	Vesting Conditions	Vesting Date	Exercise Price (cents)	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Other changes (a)	Balance at end of the year	Vested	Value per right
<i>Year ended 30 June 2017</i>											
Tranche 2	PBT	30 Jun 2016		333,334	-	-	-	(333,334)	-	-	0.28
Tranche 3	PBT	30 Jun 2017		333,333	-	-	-	(333,333)	-	-	0.28
Tranche 4	TSR	30 Jun 2017		2,000,000	-	-	-	(2,000,000)	-	-	0.13

(a) Cellnet ceased to be controlled entity of CVC during the 2017 financial year.

Cellnet had not issued rights to key management personnel of CVC.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

32.3 Share-based payments (continued)

Cellnet Group Limited Option Plan (continued)

(ii) Non-executive Director Options

On 24 October 2014, Cellnet issued options to key management personnel of CVC. There are no vesting conditions attached to the options. Options are exercisable at any time during the period from the date of its issue until 31 October 2017.

The following is a summary of options granted under the plan.

Key Management Personnel	Grant Date	Exercise Date	Exercise Price (cents)	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Other changes (a)	Balance at end of the year	Vested	Value of options granted \$
<i>Year ended 30 June 2017</i>											
ADH Beard	24 Oct 2014	31 Oct 2017	25.0	1,200,000	-		-	(1,200,000)			37,140

(a) Cellnet ceased to be controlled entity of CVC during the 2017 financial year.

The fair value per option has been determined by using the Binomial option pricing model that takes into account the exercise price, the term of the option, the share price and expected volatility of the underlying share and the risk-free interest rate for the term of the option. The theoretical value of the options are calculated as being 3.1 cents per option. Further terms and conditions include:

Price of the underlying shares – 25.0 cents;
 Implied volatility - 50%;
 Risk-free interest rate for the life of the options – 2.49%; and
 Value of options at grant date – 3.1 cents

No expense was recognised in respect of the above options during the year ended 30 June 2017.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 32: RELATED PARTY INFORMATION (CONTINUED)

32.4 Loans to Key Management Personnel

There were no loans to key management personnel during or at the end of the financial year.

32.5 Loans with Related Parties

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

	2018	2017	Interest Rate
	\$	\$	%
<i>Loans Receivable</i>			
Bigstone Capital Pty Limited	3,852,261	-	10% - 12%
Cedar and Stone Pty Limited	46,498	-	10%
Eildon Funds Management Limited	-	21,755	0%
The Kingsgrove (Vanessa Road) Unit Trust	125,551	83,550	20%
Maroochydore Medical Centre Facility Unit Trust	2,774,591	-	20%
Mooloolaba Wharf Holding Company Pty Limited	834,288	324,988	0% - 15%
MAKE EBRB Dev Nominee Pty Ltd	5,207,417	8,972,162	15%
Turrella Property Unit Trust	-	300,000	20%
Urban Properties Cairns Pty Limited	-	287,603	17.5%
Urban Properties Centenary Pty Limited	7,636,208	10,021,410	17.5%
<i>Loans Payable</i>			
Winten (No. 20) Pty Limited	9,677,586	10,123,967	6.5%
<i>Co-investment in Marsden Park and Donnybrook Projects (refer note 32.1)</i>			
Alexander Beard and Pascale Beard as trustees for the AD			
& MP Superannuation Fund	127,425	126,060	0%
Virtual Sales Pty Limited(a)	106,862	105,497	0%

(a) Private company associated with Mr Hunter.

32.6 Other Transactions

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

	2018		2017	
	Paid	Received	Paid	Received
	\$	\$	\$	\$
<i>Management and consulting fees</i>				
Eildon Funds Management Limited	1,374,833	1,424,688	600,311	752,362
<i>Interest income</i>				
Bigstone Capital Limited	-	243,170	-	-
Cedar and Stone Pty Limited	-	1,498	-	-
MAKE EBRB Dev Nominee Pty Ltd	-	1,051,802	-	1,239,327
Maroochydore Medical Centre Facility Unit Trust	-	145,921	-	-
Mooloolaba Wharf Holding Company Pty Limited	-	56,302	-	127,224
Turrella Property Unit Trust	-	-	-	106,369
The Kingsgrove (Vanessa Road) Unit Trust	-	20,610	-	30
<i>Dividend and distribution income</i>				
Concise Mid Cap Fund	-	443,224	-	246,843
<i>Marsden Park distribution (refer note 32.1)</i>				
Alexander Beard and Pascale Beard as trustees for the AD	2,250	-	6,676	-
& MP Superannuation Fund				
Virtual Sales Pty Limited(a)	2,250	-	6,676	-
<i>Other amounts</i>				
Winten (No. 20) Pty Limited - Borrowing costs	208,203	-	1,032,272	-

(a) Private company associated with Mr Hunter.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 33: 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.

CVC 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.

33.1 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		Non Interest Bearing	Total
		\$	1 Year or Less	1 to 5 Years	\$	\$
2018:						
Financial assets						
Cash and cash equivalents	27	70,347,390	745,393	-	502	71,093,285
Financial assets – "at amortised cost"	9	-	37,874,356	16,800,371	4,851,374	59,526,101
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities						
Trade and other payables	19	-	-	-	10,101,498	10,101,498
Interest bearing liabilities	21	16,513,749	-	64,914,573	-	81,428,322
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2017:						
Financial assets						
Cash and cash equivalents	27	41,318,449	427,765	-	502	41,746,716
Financial assets – "at amortised cost"	9	-	26,239,532	21,267,139	3,436,506	50,943,177
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities						
Trade and other payables	19	-	-	-	8,151,671	8,151,671
Interest bearing liabilities	21	12,679,439	-	10,123,967	-	22,803,406
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

33.1 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

As CVC expects interest rates to increase by 50 basis points during the 2019 financial year (2018: 50 basis points higher), at reporting date the impact for the 2018 financial year on CVC, with all other variables held constant, would be:

	Increase of 50 bp
	\$
2018	
Net profit	106,250
Equity increase	106,250
2017	
Net profit	92,524
Equity increase	92,524

33.2 Price Risk

Equity Securities 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%
	\$	\$
2018		
Net profit/(loss)	6,073,743	(6,073,743)
Equity increase/(decrease)	6,073,743	(6,073,743)
2017		
Net profit/(loss)	1,092,568	(1,092,568)
Equity increase/(decrease)	8,023,109	(8,023,109)

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

33.3 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.

33.4 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
	\$	\$	\$	\$	\$
2018					
Trade and other payables	10,101,498	-	-	-	10,101,498
Interest bearing liabilities	2,583,121	-	64,914,573	13,930,628	81,428,322
2017					
Trade and other payables	8,151,671	-	-	-	8,151,671
Interest bearing liabilities	-	12,679,439	10,123,967	-	22,803,406

33.5 Currency Risk

Currency risk is measured using sensitivity analysis. A portion of CVC investments are in companies listed on foreign exchanges and sales and purchases are made in foreign currencies. CVC 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.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 33: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

33.5 Currency Risk (Continued)

At balance date CVC had the following exposure to the United States dollar, New Zealand dollar and British pound that is not designated as cashflow hedges:

	2018 \$	2017 \$
Financial assets		
Financial assets – “at amortised cost”	3,117,171	3,236,156
Financial assets – “at fair value through profit or loss”	3,810,139	513,690
Financial assets – “available-for-sale”	-	3,684,127
	<u>6,927,310</u>	<u>7,433,973</u>

Foreign currency sensitivity

CVC is exposed to the US dollar (USD), New Zealand dollar (NZD) and British pound (GBP). 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.

	Net profit/(loss)		Equity increase/(decrease)	
	2018 \$	2017 \$	2018 \$	2017 \$
USD				
Increase in AUD of 10%	(155,559)	(16,536)	(155,559)	(177,146)
Decrease in AUD of 10%	190,128	20,237	190,128	216,539
NZD				
Increase in AUD of 10%	(280,400)	-	(280,400)	(205,937)
Decrease in AUD of 10%	160,412	-	160,412	251,701
GBP				
Increase in AUD of 10%	(16,943)	(16,143)	(16,943)	(16,143)
Decrease in AUD of 10%	20,708	19,731	20,708	19,731

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 34: FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities of CVC are approximately equal to their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

Judgements and estimates were made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, CVC has classified its financial instruments and non-financial assets into three levels prescribed under the accounting standards.

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 assets and liabilities 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 2018				
Financial assets				
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations	25,593,061	61,174,693	-	86,767,754
Shares in unlisted corporations	-	-	18,252,318	18,252,318
Non-financial assets				
Investment properties	-	-	1,350,000	1,350,000
	<u>25,593,061</u>	<u>61,174,693</u>	<u>19,602,318</u>	<u>106,370,072</u>
Year ended 30 June 2017				
Financial assets				
<i>“Available-for-sale” investments</i>				
Shares in listed corporations – at market value	2,515,150	44,358,245	-	46,873,395
Public unlisted investments – at market value	-	1,328,968	-	1,328,968
Other investments	-	-	8,200,219	8,200,219
<i>“Fair value through profit or loss” investments</i>				
Shares in listed corporations – at market value	12,402,205	2,906,955	-	15,309,160
Other investments	-	-	5,034,187	5,034,187
Non-financial assets				
Investment properties	-	-	8,578,697	8,578,697
	<u>14,917,355</u>	<u>48,594,168</u>	<u>21,813,103</u>	<u>85,324,626</u>

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 34: FAIR VALUE MEASUREMENTS (CONTINUED)

Reconciliation of Level 3 fair value movements:

	2018 \$	2017 \$
Balance at the beginning of the year	21,813,103	22,594,774
Purchases	7,740,362	5,723,702
Sales	-	(244,972)
Capital return	(303,000)	-
Gain/(losses) recognised in other income (a)	2,722,196	(1,145,017)
Gains recognised in other comprehensive income	-	534,307
Transfer into Level 3 from Level 2 (b)	-	171,000
Transfer out of Level 3 to Level 1	(500,000)	(1,490,000)
Transfer out of Level 3 (c)	(11,870,343)	(4,330,691)
Balance at the end of the year	19,602,318	21,813,103
 (a) Unrealised losses recognised in profit or loss attributable to assets held at the end of the reporting period.	 2,722,196	 1,145,017
 (b) Investment in property funds have been transferred from level 2 to level 3 as there is no quantitative information to assess carrying value. Fair value has been determined based on acquisition cost.		
 (c) Transfer of assets:		
Assets classified as held for sale	11,620,343	-
Investments accounted for using the equity method	250,000	-
Inventories	-	4,330,691
	11,870,343	4,330,691

Assets classified as held for sale

Subsequent to year end CVC completed the settlement of the sale of the property at Port Macquarie on 7 August 2018, New South Wales, forming part of the project delivery agreement for the construction of the Bunnings and associated bulky goods centre. As such the property was reclassified from investment properties to assets classified as held for sale.

Investments accounted for using the equity method

The capital cost of certain investments were reclassified from financial assets – “at fair value through profit or loss” to investments accounted for using the equity method following an increase of ownership.

Inventories

The capital cost of the property at 425-434 Pumicestone Road Caboolture Queensland was reclassified from investment properties to inventories as CVC made a decision to develop the site.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 34: FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of Level 2 financial instruments is determined using available prices where trading does not occur in an inactive market. The quantitative information about the significant unobservable inputs used in level 3 fair value measurements are as follows:

Description	Fair value		Unobservable inputs	Weighted average		Relationship of unobservable inputs to fair value
	30 June 2018 \$	30 June 2017 \$		2018	2017	
Leased properties	1,350,000	1,350,000	Capitalisation rate	10.16%	10.16%	The higher the capitalisation rate, the lower the fair value
			Lease expiry	0.33 years	1.33 years	The longer the lease term, the higher the fair value
			Occupancy	100%	100%	The higher the occupancy rate, the higher the fair value
Development properties	-	7,228,697	Capitalisation rate	6.5%	6.5%	The higher the capitalisation rate on completion of construction, the lower the fair value
	<u>1,350,000</u>	<u>8,578,697</u>				
Other investments	<u>18,252,318</u>	<u>13,234,406</u>	(a)			

- (a) There is no quantitative information. Fair value has been determined by 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.

NOTE 35: EVENTS SUBSEQUENT TO YEAR END

Subsequent to year end CVC completed the settlement of the sale of the property at Port Macquarie, New South Wales and entered into a development delivery agreement for the construction of the site 7 August 2018. The development of the site is expected to be completed by February 2019.

A final dividend in respect of the year ended 30 June 2018 of 8 cents per share was declared on 17 August 2018 to be paid on 5 September 2018 to those shareholders registered on 23 August 2018.

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.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 36: 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.

36.1 Loans to associated entities

No impairment has been raised against loans to associated entities (2017: \$1,829,206) that have a carrying value of \$20,476,814 (2017: \$20,011,468). The recoverable amount has been assessed in note 9.

36.2 Trade receivables

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

36.3 Financial assets – “available-for-sale”

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

36.4 Financial assets – “at fair value through profit or loss”

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

36.5 Inventories

The fair value of the inventories has been assessed in note 13.

36.6 Absence of active market

In calculating the fair value of Eildon Capital Limited, Bionomics Limited, Carawine Resources Limited, Cellnet Group Limited, Cyclopharm Limited, Eildon Capital Limited, Heritage Brands Ltd, Incentiapay Limited, IDT Australia Limited, Indoor Skydive Australia Group Limited, Lantern Hotel Group, Longtable Group Ltd, Mitchell Services Limited, Prime Media Group Limited, Probiotec Limited, Tasfoods Limited, Telix Pharmaceuticals Limited, Universal Biosensors Inc., US Residential Fund, Villa World Limited and Vita Life Sciences Limited CVC has determined that an active market may 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. The fair value of the investments has been assessed in note 10 and note 12.

36.7 Investments accounted for using the equity method – unlisted investments

79 Logan Road Trust has a carrying value of \$3,027,222 (2017: \$3,360,092).

Australian Invoice Finance has a carrying value of \$2,283,650 (2017: nil).

Bigstone Capital Pty Limited has a carrying value of \$1,064,648 (2017: nil).

Concise Asset Management Limited was sold during the year (2017: \$1,016,683).

Donnybrook JV Pty Ltd has a carrying value of \$3,178,478 (2017: \$8,098,961). A valuation was conducted of the project which led to the property being valued at \$79.95 million. This values CVC's investment at \$31.6 million.

Eildon Funds Management Limited has a carrying value of \$189,109 (2017: \$73,013).

JAK Investment Group Pty Limited has a carrying value of \$317,513 (2017: \$182,330).

LAC Unit Trust has a carrying value of \$688,928 (2017: \$659,010).

MAKE EBRB Dev Nominee Pty has a carrying value of \$2,852,327 (2017: \$3,244,407). A valuation was conducted of the project which led to the property being valued at \$38.6 million. This values CVC's investment at \$6 million.

South Pack Laboratories (Aust) Pty Ltd has was sold during the year (2017: \$4,483,171).

Turrella Property Unit Trust has a carrying value of \$247,749 (2017: \$244,000).

36.8 Investments accounted for using the equity method – listed investments

The investment in Eildon Capital Limited has a carrying value of \$18,536,741 (2017: \$12,477,977).

36.9 Property, plant and equipment

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

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 36: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

36.10 Investment properties

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

36.11 Loans to other corporations

An impairment has been raised against certain loans to other corporations of \$179,904 (2017: nil) that have a carrying value of \$34,311,692 (2017: \$27,526,958). The recoverable amount has been assessed in note 9.

NOTE 37: CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 9 *Financial Instruments* on the group's financial statements and also discloses the new accounting policies that have been applied from 1 July 2017, where they are different to those applied in prior periods.

37.1 Accounting policies applied from 1 July 2017

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 *Financial Instruments* from 1 July 2017 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below.

(a) Classification

From 1 July 2017, CVC classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in financial performance or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

CVC reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Measurement

At initial recognition, CVC measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets at amortised cost

Financial assets at amortised cost are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in financial performance and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of financial performance.

Financial asset at fair value through other comprehensive income (FVOCI)

- Debt instruments: Assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in financial performance. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to financial performance and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of financial performance.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 37: CHANGES IN ACCOUNTING POLICIES (CONTINUED)

37.1 Accounting policies applied from 1 July 2017 (continued)

(b) Measurement (continued)

Financial asset at fair value through other comprehensive income (FVOCI) (continued)

- Equity instruments: Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to financial performance following the derecognition of the investment. Dividends from such investments continue to be recognised in financial performance as other income when the group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial asset at fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of financial performance as applicable.

Impairment

From 1 July 2017, CVC assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

37.2 Impact on the financial statements

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. In accordance with the transitional provisions in AASB 9 *Financial Instruments* paragraph 7.2.15, comparative figures have not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated financial position as at 30 June 2017, but are recognised in the opening financial position on 1 July 2017.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	As originally presented	AASB 9	Restated
	\$	\$	\$
Consolidated Statement of Financial Performance (extract) - 2017			
Income from equity investments	28,796,386	(4,984,093)	23,812,293
Total income	47,817,730	(4,984,093)	42,833,637
Impairment of financial instruments	2,476,198	(293,631)	2,182,567
Profit before related income tax expense	28,946,040	(4,690,463)	24,255,577
Income tax expense	4,676,309	3,051,366	7,727,675
Net profit from continuing operations	24,269,731	(7,741,829)	16,527,902
Net profit from discontinued operation	5,187,680	1,176,608	6,364,288
Net profit	29,457,411	(6,565,221)	22,892,190
Net profit attributable to non-controlling interest	1,956,057	(18,980)	1,937,077
Net profit attributable to members of the parent entity	27,501,354	(6,546,241)	20,955,113

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 37: CHANGES IN ACCOUNTING POLICIES (CONTINUED)

37.2 Impact on the financial statements (continued)

	As originally presented \$	AASB 9 \$	Restated \$
Consolidated Statement of Comprehensive Income (extract) - 2017			
Profit for the year	29,457,411	(6,565,221)	22,892,190
<i>Items that may be reclassified to profit or loss</i>			
Investment value decrease recognised in other reserves	(1,637,517)	1,637,517	-
Amounts transferred from other reserves to income on sale	(1,897,040)	1,897,040	-
Income tax on items taken directly to or from equity	(3,030,664)	3,030,664	-
Other comprehensive (loss)/ income for the year, net of tax	(6,565,221)	6,565,221	-
Total comprehensive income for the year	22,892,190	-	22,892,190
Basic and diluted earnings per share for profit from continuing operations attributable to the members of the parent entity	0.1993	(0.0647)	0.1346
Basic and diluted earnings per share for profit attributable to the members of the parent entity	0.2301	(0.0548)	0.1753
Consolidated Statement of Financial Position (extract) - 2017			
CURRENT ASSETS			
Loans and other receivables	29,676,038	(29,676,038)	-
Financial assets – “at amortised cost”	-	29,676,038	29,676,038
NON-CURRENT ASSETS			
Loans and other receivables	21,267,139	(21,267,139)	-
Financial assets – “at amortised cost”	-	21,267,139	21,267,139
Financial assets – “available-for-sale”	56,402,582	(56,402,582)	-
Financial assets – “at fair value through profit or loss”	5,034,187	56,402,582	61,436,769
NET ASSETS	198,435,187	-	198,435,187
Retained earnings	80,631,251	14,188,545	94,819,796
Other reserves	13,870,308	(14,188,545)	(318,237)
TOTAL EQUITY	198,435,187	-	198,435,187

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 (CONTINUED)

NOTE 37: CHANGES IN ACCOUNTING POLICIES (CONTINUED)

37.3 Impact of adoption

The total impact on the group's retained earnings as 1 July 2017 and 1 July 2016 is as follows:

	2017 \$	2016 \$
Closing retained earnings 30 June - AASB 139	80,631,251	72,766,639
Reclassify investments from available-for sale to FVPL	14,188,545	20,734,784
Opening retained earnings 1 July - AASB 9	<u>94,819,796</u>	<u>93,501,423</u>

(a) Classification and measurement

On 1 July 2017 (the date of initial application of AASB 9 *Financial Instruments*), CVC's management has assessed which business models apply to the financial assets held by CVC and has classified its financial instruments into the appropriate AASB 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets - 1 July 2017

	FVPL – non- current \$	Available-for-sale \$
Closing balance 30 June 2017 - AASB 139	5,034,187	56,402,582
Reclassify investments from available-for sale to FVPL	56,402,582	(56,402,582)
Opening balance 1 July 2017 - AASB 9	<u>61,436,769</u>	<u>-</u>

The financial assets at amortised cost includes loans and receivables but exclude cash and cash equivalents.

The impact of these changes on CVC's equity is as follows:

	Effect on available-for-sale reserves \$	Effect on retained earnings \$
Closing balance 30 June 2017 - AASB 139	13,870,308	80,631,251
Reclassify investments from available-for sale to FVPL	(14,188,545)	14,188,545
Opening balance 1 July 2017 - AASB 9	<u>(318,237)</u>	<u>94,819,796</u>

All investments in "available-for-sale" were reclassified to financial assets at FVPL. They do not meet the AASB criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

(b) Impairment of financial assets

All of CVC's financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

CVC's financial assets at amortised cost include trade receivables, contract assets, loans and other receivables. Applying the expected credit risk model didn't result in recognition of any loss allowance.

CVC LIMITED
(AND ITS CONTROLLED ENTITIES)
DIRECTORS' DECLARATION
For the Year Ended 30 June 2018

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 2018 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 consolidated entity 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 8 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

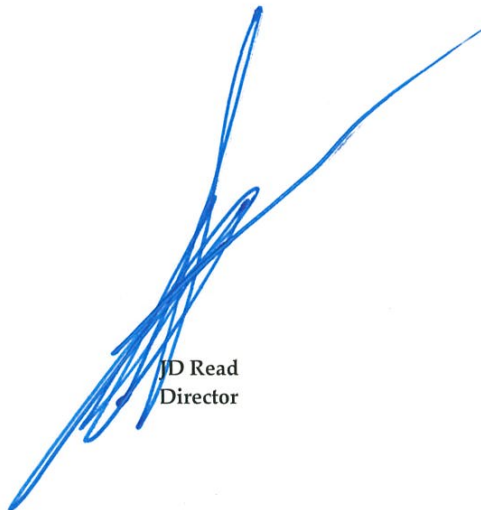
This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ended 30 June 2018.

Dated at Sydney 30 August 2018.

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



ADH Beard
Director



JD Read
Director

**CVC LIMITED
ACN 002 700 361**

INDEPENDENT AUDITOR'S REPORT

To the Members of CVC Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of CVC Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
Existence and Valuation of Loans Receivable (Note 9)	
The consolidated entity had a significant balance of loans receivable as at 30 June 2018.	We reviewed loan agreements and other supporting documentation.
A large portion of the loans have been provided to property developers with properties provided as security for the loans.	We obtained client workings and assessed reasonableness of recoverability assessment, including where relevant, the prospect of recovering the loan within the next 12 months.
We have therefore identified loans receivable as an area requiring particular audit attention.	We reviewed security of loan and assessed for reasonableness.
	We obtained current external valuations, where available, and assessed the competence, independence and integrity of the external expert appointed by management.
	We obtained loan confirmation from third parties.
	We considered the classification of the loan balance to ensure it was reasonable.
Valuation of Unlisted investments (Note 12)	
The consolidated entity holds a significant amount of unlisted investments, held at either cost or fair value.	We reviewed management's valuation methodology, including impairment assessment, with reference to recent financial statements, forecasts/budgets, future income, or marketability of investments.
These investments are subject to a high degree of judgement. Therefore it is considered to be a key audit area.	
Existence and Valuation of Investment properties (including those classified as inventories) (Note 13 and 17)	
The carrying value of the investment properties has been assessed with reference to future cash flows.	We reviewed management's assessment of value with reference to external valuations and other supporting documentation. We assessed the competence, independence and integrity of the external expert appointed by management.
As future cash flows are typically based on a number of variables, the existence, valuation and allocation of investment properties is considered to be a key audit area.	We ensured the treatment of revaluations movements were in accordance with Australian Accounting Standards.
	We agreed properties held to land title searches.
Completeness and Valuation of Convertible Notes (Note 21)	
During the year, the consolidated entity issued \$60,000,000 of convertible notes, in which a portion was classified as debt, and a portion as equity.	We reviewed the Prospectus and calculations prepared by management.
We have identified the convertible note as a key audit matter due to its significance to the financial statements.	We ensured that the debt and equity classification of the convertible note was reasonable and calculated in accordance with Australian Accounting Standards.

**CVC LIMITED
ACN 002 700 361**

INDEPENDENT AUDITOR'S REPORT (continued)

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**CVC LIMITED
ACN 002 700 361**

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of CVC Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

CVC LIMITED
ACN 002 700 361

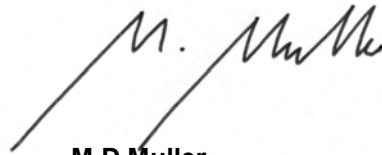
INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities

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.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink that appears to read 'M. D. Muller'.

**M D Muller
Partner**

**Sydney, NSW
30 August 2018**

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of CVC. It 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. It is responsible for ensuring there is adequate oversight and management of material business risks facing the Company and ensuring there are systems in place to identify, assess, monitor and manage market, operational and compliance risks. This is achieved via a control environment, accountability and review of risk profiles.

The Board has delegated to the Managing Director all of the necessary power and authority to manage the business of the Company on a day-to-day basis with the assistance of senior management. This includes execution of the strategy approved by the Board, managing performance, risk management and compliance of the Company. The Company has implemented a risk management framework which describes and sets out the risks (financial and non-financial) facing the business activities of the Company and controls surrounding those risks. The profiles are formally reviewed annually by management. The financial risks that may adversely impact the operations of the Company are described and analysed in the annual financial report.

At the date of this report the Directors in office are as follows:

Alexander Damien Beard (Managing Director)	- Appointed 17 August 2000, member of the audit committee
John Douglas Read	- Appointed 20 March 1989, member of the audit committee
Ian Houston Campbell	- Appointed 16 March 2015, member of the audit committee

Appointment to the Company and the Board is dependent on skills, experience, character and other qualifications rather than solely on achieving a pre-specified diversity target. The Board seeks to ensure its members have an appropriate mix of skills, knowledge and experience to enable it to properly perform its duties, which have been detailed in the Directors' Report, including numbers and attendances of Board and audit committee meetings. Given the size and scale of the organisation the Board has not adopted a policy and measurable targets in relation to diversity but notes that neither the Board nor the senior management have a woman appointed and currently 25% 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 may be 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 2018, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises three Directors.

Mr Beard, being Managing Director, is responsible for the management and operation of the Company and ensures that members of the Board are properly briefed on the operations 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 a non-executive Chairman of the Board and a member of the audit committee. As he has been on the Board of the Company for more than twenty five 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.

Mr Campbell is an independent non-executive Director and Chairman of the audit committee and has extensive skills, experience and knowledge to perform his duties in that capacity.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

The Board elects a member to chair each meeting and believe that the current structure of the Board operates effectively and efficiently, allowing the Board to collectively exercise its authority without the need for the appointment of additional independent directors or the creation of further sub-committees and is appropriate for the size and scale of the Company. The Board has considered the competencies and experience of each of the Directors and believes that it is not in the interest of shareholders to seek to replace or appoint Board members. The Board as a whole reviews Board succession planning and continuing development to ensure the members have an appropriate balance of skills. Directors are encouraged to undertake professional development to enable them to develop and maintain the skills and knowledge needed to effectively perform their roles as Directors, where considered appropriate for the oversight of the Company.

The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and deals with regulatory bodies on statutory matters.

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2018:

- Appointing a majority of independent Directors;
- Appointing an independent Chairman;
- Appointing an internal audit function, audit committee with an independent chairman, a majority of independent Directors or non-executive Directors;
- A nomination committee of the Board;
- A risk committee of the Board;
- Establishment of formal performance policies for Directors and senior management;
- Documentation of a Board skills matrix;
- Implementing a program for inducting new Directors;
- Implementing policies and processes for communication with shareholders and participation at meetings;
- A remuneration committee of the Board;
- Written agreement with directors and senior executives setting out terms of roles; and
- Adopting a policy and measurable targets to achieve gender diversity.

Performance of the Board and Senior Management

The Directors and senior management are regularly reviewed for measureable and qualitative performance. The Board as a whole has the responsibility to review its own performance and of individual directors. The Board undertakes an annual review at 30 June each year of the Managing Director and senior management.

The Board did not undertake a review of the performance of its members during the year ended 30 June 2018. Rather, the Board, mindful of its duties, considers it appropriate to monitor the performance on an ongoing basis and conduct a formal review as necessary.

When applicable, remuneration of non-executive Directors is in accordance with resolutions of shareholders at 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 and senior management are disclosed in the Remuneration Report.

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

CORPORATE GOVERNANCE STATEMENT

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; and
- A process for performance evaluation of the Board and individual Directors.

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.

All members of the Board are members of the Audit Committee.

In respect of the year ended 30 June 2018, the Managing Director and the Chief Financial Officer have provided certifications to the Board that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and has a sound system of risk management and internal control which is operating effectively.

The Company has adopted policies in relation to conduct of Directors, senior management and employees of the Company. The policies require Directors, senior management and employees to act ethically, responsibly, honestly, in good faith, and in the best interest of the Company as a whole, whilst complying with laws and regulations.

The Company has adopted a Share Trading Policy, which must be complied with by all directors and employees. The policy summarises the insider trading prohibitions in the *Corporations Act 2001* and provides information on trading windows, exceptional circumstances, excluded trading, and an obligation on directors and employees to disclose all trades in the Company's shares.

The Company's external auditor attends the annual general meeting and is available to answer questions from the shareholders relevant to the audit.

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. At the election of shareholders reports issued by the Company are provided electronically. 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 31 July 2018.

Distribution schedule

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

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	189
1,001 - 5,000	260
5,001 - 10,000	156
10,001 - 100,000	228
100,001 - over	79
Total	912

Category (size of holding)	Number of convertible notes
1 - 1,000	1,337
1,001 - 5,000	49
10,001 - 100,000	4
Total	1,390

Unmarketable parcels

	Minimum parcel size	Number of shareholders
<i>Ordinary shares</i>		
Minimum \$500.00 parcel at \$2.71 per share	185	76
<i>Convertible notes</i>		
Minimum \$500.00 parcel at \$2.1 per share		448

On market share buy-back

The Company has a current on market share buy-back which commenced on 27 November 2017.

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
Joseph David Ross	12,000,000
Anglo Australian Christian & Charitable Fund	9,712,816
Muk Min Fa Limited	7,280,246

CVC LIMITED

(AND ITS CONTROLLED ENTITIES)

ADDITIONAL INFORMATION (CONTINUED)

20 largest shareholders - ordinary shares

As at 31 July 2018, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
<i>Ordinary Shares</i>		
Leagou Pty Limited	20,704,611	17.32
Southsea (Aust.) Pty Limited	17,610,506	14.73
Bennett Estates Limited	15,575,978	13.03
J K M Securities Pty Limited	12,000,000	10.04
Anglo Australian Christian & Charitable Fund	9,712,816	8.13
Muk Min Fa Limited	7,280,246	6.09
Chemical Trustee Limited	4,861,741	4.07
Saudi Film Investments Fund Limited	3,264,711	2.73
Wenola Pty Limited	3,136,391	2.62
Mr Nigel Cameron Stokes	1,000,000	0.84
Mr Alexander Damien Beard	824,136	0.69
Dr Raymond Joseph Healey	808,817	0.68
Melbourne Corporation of Australia Pty Limited	623,208	0.52
Allan J Heasman Pty Limited	505,100	0.42
Bond Street Custodians Limited	480,000	0.40
Alexander Beard & Pascale Beard	469,000	0.39
Cannington Corporation Pty Limited	466,094	0.39
Syvest Pty Ltd	450,000	0.38
John Angela Pty Limited	445,000	0.37
Professional Group Services	429,817	0.36
	100,648,172	84.20
<i>Convertible Notes</i>		
HSBC Custody Nominees (Australia) Limited	43,698	7.29
J P Morgan Nominees Australia Limited	27,175	4.53
National Nominees Limited	18,100	3.02
Twenty Second Natro Pty Ltd	5,000	0.83
Corporate Positioning Pty Limited	4,030	0.67
Radder Investments Pty Ltd	4,030	0.67
R S Management Pty Limited	4,030	0.67
St Hedwig Village	3,000	0.50
Pstar Pty Ltd	2,800	0.47
Bolton GEM Merchants Pty Ltd	2,500	0.42
Erwin Small Pty Ltd	2,500	0.42
Dr Andrew Robert Small	2,500	0.42
Weterloo Medical Centre Pty Ltd	2,500	0.42
Mr Damien Joseph Kenneally & Mrs Candace Lynn Kenneally	2,358	0.39
Humana Pty Ltd	2,250	0.38
Joly Pty Ltd	2,200	0.37
Selbourne Investments Pty Ltd	2,010	0.34
Mrs Deborah Anne Treasure	2,000	0.33
Mr Michael Paul Wedgwood & Mrs Janet Josephine Wedgwood	2,000	0.33
Killawarra Pty Ltd	1,804	0.30
	136,485	22.77

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 Suite 3703, Level 37, Gateway, 1 Macquarie Place, Sydney NSW 2000.