

from small beginnings...

2007

Annual Report



Company Particulars

registered office

Level 42, 259 George Street
Sydney NSW 2000

directors

Vanda R Gould | John S Leaver | John D Read
Alexander D H Beard | John T Riedl

management team

Alexander D H Beard | Vanda R Gould
John D Read | William J Highland
Christian T Jensen | John A Hunter | Elliott G Kaplan
Geoffrey P Leaver | John S Leaver | Jo Hume
Sean Wiles | Tony McLennan

secretaries

Alexander D H Beard | John A Hunter

bankers

Suncorp-Metway Limited
Westpac Banking Corporation Limited

auditors

HLB Mann Judd (NSW Partnership)
Chartered Accountants
Level 19, 207 Kent Street
Sydney NSW 2000

share registry

Gould Ralph Pty Limited
Level 42, 259 George Street
Sydney NSW 2000

Chairman's Report

for the year ended
30 June 2007

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William Shakespeare is arguably the most creative person in European history. His contribution to the English language alone is immeasurable – he coined somewhere between 2,076 and 6,700 new words which are now part of the English language. Shakespeare was also a successful businessman and entrepreneur. In his masterpiece – Hamlet – there is much we can learn about life. It is a profoundly moral play showing morality (as well as evil) to be contagious. There is a line in Hamlet which in a general way summarises CVC's philosophy of business: *"Neither a borrower nor a lender be."* Of course, we structure some of our investments as loans for legal reasons, but in general they form a type of equity.

The recent turmoil in financial markets reflects, in our opinion, a heralding of a major First World debt crisis which will ultimately become a harsh reality. At CVC we have been preparing for this potential outcome and this is reflected in our decision to raise an additional \$110 million during the year. All our exciting new investments have been made against the background of how potentially they would perform in the context of a major downturn. Thus we have attempted to invest in businesses which would likely be less affected in a market downturn such as those producing basic commodities and/or involving innovative technologies. In addition, we have realised some investments which we believe would be adversely affected.

Australia has had a remarkably strong economy over the past 15 years. Unfortunately the compound growth of debt of Australians, and indeed most Western households, is ultimately not sustainable. What form the adjustment takes and when it will occur cannot currently be known. The doubling of the ratio of debt repayments of Australian households to income from that prevailing in the early 1990s to today of 11% points to the problem. While much more could be said, fundamentally it is an ethical problem where the notions of accountability and judgment are ignored, at least in this life. Hopefully we will have a smooth landing, but history and Shakespeare's shrewd analysis of the frailty of human nature suggest otherwise. Further, as Harvard Economist J.K. Galbraith has noted: *"A bubble can easily be punctured, but to incise it with a needle so that it subsides gradually is a task of no small delicacy."*

Another side of the debt problem relates to the trade in derivatives – complex financial instruments – which is especially dangerous and could cause not only companies but entire markets to collapse. Warren Buffett, the US billionaire investor, has described these investments as *"financial weapons of mass destruction"*. This is also a factor which points us to reinforce our philosophy of being value investors who try to avoid bank debt entanglements.

Chairman's Report

for the year ended
30 June 2007

The directors of CVC are pleased to report the strong profit result for the year ended 30 June 2007, posting a net profit after tax of \$30.8 million. In addition, our share portfolio has almost doubled in value since 2006. The company continues to demonstrate the benefits of its multi-segment investment strategy and focusing on its recurrent earnings. Hopefully we achieve the precept: The wise are mightier than the strong, and those with knowledge grow stronger and stronger. [Proverbs 24:5]

We have been able to take advantage of the increase in market values with the realisation of some of our long-term investments. This included our investment in Green's Foods Limited through the sale to Nestlé Australia Limited; the public flotation of Probiotec Limited; and the sale of the Fern Bay Seaside Village located north of Sydney.

Overall, valuations of Australian companies have increased as a result of the improved economic environment. This has seen a surge in activity by private equity firms undertaking high risk acquisitions. Of note have been the raids on some of Australia's largest ASX listed companies. The increased size and number of players has made it tougher to identify reasonably priced investments. Our results, however, have been facilitated by the relationships that we have developed with our portfolio companies, the active management strategy that CVC has developed over the past 22 years, and the flexibility of the company

to focus on segments perceived as less attractive to secure future returns for the company. Our willingness to get involved directly in management and not merely undertake financial engineering makes us almost unique amongst many of our peers.

The management team, and particularly our CEO, Sandy Beard, have been instrumental in generating value from existing and newly acquired investments through their restructure or the provision of resources to enable growth. CVC has been a supporter of the business acquisition strategy of Pro-Pac Packaging Limited, which has seen its share price increase by more than 50% during the year to above the original public issue price in April 2005, as well as the restructure of Cellnet Group Limited with the underwriting of the capital raising and spin-off of the newly listed company, Mercury Mobility Limited.

I would be remiss if I did not also mention the contribution of our largest investment, Sunland Group Limited, of which my fellow director, John Leaver, is a director and was Chairman for most of the company's history. CVC floated Sunland with an initial market value of \$16 million which has now grown to \$1.5 billion. Under the leadership of Mr Soheil Abedian, Sunland is evolving into a global institution with the expansion of its operations into Dubai and the development of the Versace properties worldwide.

The capital raising during the year provided \$110 million of funds for investment, giving us the opportunity to undertake strategic investments which would not have previously been considered. The turmoil caused by the US sub-prime market has resulted in a short-term fall in share prices, including our own. The share prices of some companies have recovered strongly, while those with a direct exposure to interest rates continue to trade below the levels prior to the market correction. Unfortunately, whilst CVC does not leverage its investments, we have not been immune to investor sentiment against venture and development capital. Venture capital is seen as part of the private equity industry. For the reasons outlined above, we are not a private equity firm as we do not usually use debt in our investments. We are working to achieve a lift in our share price to reflect our hard asset value and our negligible exposure to debt and leverage.

There are still a number of our peers with access to vast amounts of finance and it is expected that high valuations and share market volatility will continue, at least in the short-term, to make it difficult for CVC to acquire investments at realistic values. Nevertheless a market correction will take place - the only question is when! Like any business cycle, when the market is depressed there are opportune times to purchase quality investments and when the market is overheated this provides a good opportunity to either sell investments

Chairman's Report

for the year ended
30 June 2007



Vanda Gould

or possibly to target depressed or alternative markets which we have done. Our recent acquisition of a substantial position in a listed Malaysian bakery group is an example of this option. That Malaysian investment is currently trading at more than double the price CVC paid. We are in a position to capitalise on both sides of the economic coin and have historically taken advantage of these realities.

Over the last 12 months the market has seen high values paid for businesses based on what would appear to be an endless supply of debt financing from financial institutions. With desperation some industry participants are attempting to extract high short-term returns using their access to these funds and paying high multiples for target companies. Given this, it is little wonder that the current correction to the world markets appears to have been short lived. Our expectation remains that valuations will ultimately return to more realistic levels based on traditional valuation methodologies such as what happened after the dot-com correction. In the meantime, we will not compromise our strategy by following the rest of the market; instead we are willing to diverge from the crowd to earn what we believe will be superior long-term returns. Our expertise of actively and patiently managing investments while being able to extract value when appropriate places us in an excellent position to capitalise on this.

We believe the CVC Group's diversification from venture and development capital into various forms of funds management will continue to provide a significant contribution to the Group's overall performance, while at the same time CVC is leveraging off its expertise by also focusing on developing its corporate finance operations. This has already proved worthwhile, with income being generated from the provision of consulting services to Blue Energy Limited and Pro-Pac Packaging Limited.

Following the success of the current year, we have been able to increase the total dividend for the 2007 financial year to 15 cents per share, fully franked. This is an increase of 150% over the 2006 dividends paid. We anticipate the total dividend to be paid during the 2008 financial year will not be less than 12 cents per share, fully franked. Based on the prevailing share price, this represents a forecast dividend yield approaching 7%.

I would like to take this opportunity to welcome the 1,300 new shareholders that have joined the company this year following the capital raising. I am confident that we will achieve the returns we historically have achieved. We benchmark at 20% and our long track record gives confidence that this will be achievable in the future for patient investors. Hopefully we have learnt some of the lessons that Shakespeare would teach us, but the truth is we still have lessons to learn and, God willing,

those lessons will not be too painful! The flotation of Cyclopharm Limited and the re-listing of Vita Life Sciences Limited after the horrendous frauds perpetrated by the former management is a pleasing milestone. But of course CVC has now made many millions of dollars from what appeared to be worthless investments that have now had value restored as part of our patient, involved management style!

I would also like to acknowledge the support of my fellow directors and express my appreciation for their encouragement. We are proud of all the CVC personnel who have a surprisingly diverse range of expertise that combined give us a world-class team.

Vanda Gould
Chairman

The Year in Review

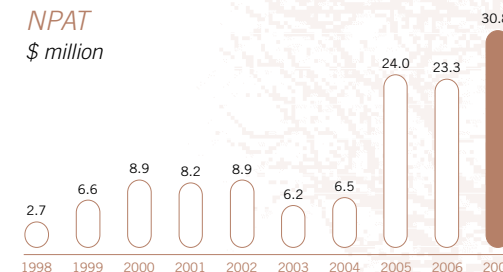
highlights

2007 was a significant year in CVC's development, underpinned by a record net profit and a company transforming capital raising. The record profit was driven by contributions from all investment segments positioning the company to capitalise on investment opportunities and to continue building a base of recurring profits. We believe that the consistency and quality of earnings streams which we will continue to develop over the next 2 - 3 years will allow the company to achieve its objective of a re-rating by the investment community.

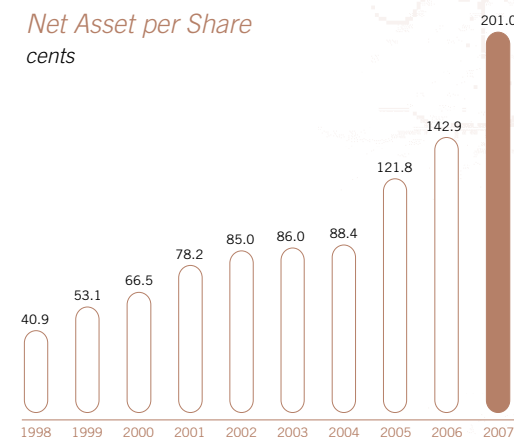
Highlights of the year include:

- 32% increase in net profit after tax to \$30.8 million;
- 150% increase in fully franked dividends paid for the year to 15 cents per share;
- A return of 51.7% on shareholders funds including a 44.1% (\$55.8 million) after tax increase in the market value of listed investments;
- Successful initial public offering of long term investee Probiotec Limited;
- Sale of holding in Green's Foods Limited via structured scheme of arrangement to Nestlé Australia and concurrent acquisition of minority stake in consumer foods business and real estate assets with GPG Australia;
- Sale of development rights to the Fern Bay Seaside Village;
- Record profit recorded by Sunland Group Limited of \$88.1 million and continued growth of their international operations;
- Establishment and growth of CVC Trinity Property Fund by vending-in of Belrose Bulky Goods site and acquisition of Ricoh building for \$25 million;
- Continued development of Pro-Pac group by organic and acquisitive growth including acquisition of PB Bottles has resulted in the company trading above its IPO price for the first time since listing. Addition of new assets and potential acquisition pipeline will ensure CVC continues to play a major role in the continuing development of Pro-Pac;
- Major stake acquired in Cellnet Group, an underperforming IT and Telco distribution company based in Brisbane. CVC has taken an active role in restructuring Cellnet in order to achieve an acceptable return on capital. The first step in the restructuring saw the demerger of the mobile content company Mercury Mobility and subsequent listing on the ASX. We believe that Cellnet has the potential to meaningfully contribute to CVC's earnings in future years and have commenced restructuring work with new management to achieve this objective;

NPAT
\$ million



Net Asset per Share
cents



The Year in Review

group summary

	2007	2006
Earnings per Share	23.9 cents	19.10 cents
Total Assets Employed	\$404.3 M	\$196.1 M
Shareholders Equity	\$345.1 M	\$167.4 M
Return on Shareholders Equity	12.0%	14.4%
Shares on Issue at Year End	171,713,710	117,185,681
Net Assets per Share	\$2.01	\$1.43
Dividends per Share	15.0 cents	6.0 cents

- Major stake negotiated and acquired in Blue Energy to provide financing for development of substantial coal seam methane assets;
- Contribution of approximately \$20 million to a number of property backed investments providing a benchmark rate of return and the opportunity to vend selected assets into the CVC Trinity Property Fund;
- Establishment of a new operating division - CVC Capital Markets - to facilitate corporate activity for both existing and potential investee companies. This division will enhance CVC's profitability by way of underwriting fees, general mandates and corporate advisory fees;
- Continued development of Ron Finemore Transport as a regional logistics provider, with substantial improvements in profitability achieved during the year through the successful tender of a number of key customer contracts;
- Growth of funds management segment with capital raising during the year for CVC Sustainable Investments Limited, and CVC Trinity Property Fund and agreement reached after the end of the financial year to take a cornerstone investment in Concise Asset Management, a boutique Australian Equities investment management company;
- Continued improvement in access to and identification of quality opportunities for potential investments; and
- Re-listing of both Cyclopharm and Vita Life Sciences, restoring value to long term shareholders.

“CVC’s success and continuing growth is dependent upon the team’s ability to select, add value, generate recurrent income, and then realise profitable investments.”

management team

CVC's investment performance is the result of the combined efforts of our investment management team. CVC's success and continuing growth is dependent upon the team's ability to select, add value, generate recurrent income, and then realise profitable investments. During the year we were pleased to welcome a number of additional staff who will provide expertise and investment ideas in the following areas; energy assets and infrastructure with a particular focus on lower carbon emissions; corporate advisory and underwriting; investment analysis with a particular emphasis on corporate turnarounds, and business development activities with a particular emphasis on retail investment distribution. In addition, our interaction with investee companies continues to introduce us to both investment opportunities and managers who will likely play a key role in the continuing development of CVC.

Skills of the management team include:

- Sourcing, selection, and structuring of investment opportunities;

The Year in Review

- Operational management of investee companies, including strategy and corporate advisory, board positions on investee companies including Chairmanship;
- Corporate advisory / investment banking skills including under-writing of placements and general offers;
- Divestments including trade sales, demergers, initial public offerings, mergers and acquisitions, management buyouts and financial restructuring;
- Infrastructure investment capabilities including financial feasibility, negotiation of off-take agreements, negotiation of senior and mezzanine debt facilities and sourcing of equity;
- Distressed debt recoveries;
- Investment turn-arounds;
- Project financing and property development capabilities including structuring, joint ventures, feasibility and mezzanine financing;
- Financial product development and distribution; and
- Specialist investment skills in environmental industries, with a depth of expertise in low emission and cleaner technologies.

approach

CVC's investment portfolio has historically been structured to achieve a balance of income producing assets supplemented by capital growth assets typically with a private equity characteristics. With the capital raising completed during the year the company is targetting to achieve a 70% level of recurrent profitability within the medium term which will necessitate a progressive change in the asset mix. The likely mix will include a core portfolio of listed ASX securities managed for a return, from both dividends and capital growth, strategic long-term investments (both listed and unlisted) which are largely equity accounted, income producing finance activities, and funds management and capital markets / investment banking activities.

The inherent nature of private equity investment is that the opportunity for substantial returns is accompanied by factors largely beyond the control of the investment manager, including buoyancy of listed markets, the strength of the economy and negotiations between buyers and sellers.

CVC adopts a value based methodology in its investment selections, including an analysis of company fundamentals including low price earnings multiples, earnings growth, relativity of price to net tangible assets, multiples of free cash flow, and dividend history.

"...the company is targetting to achieve a 70% level of recurrent profitability within the medium term which will necessitate a progressive change in the asset mix."

In all investment opportunities, CVC looks for an ability to add value to the investment to maximise potential investment returns, (ie through restructuring an under-performing company, or attaining development approvals for a real estate transaction or in an ability to acquire synergistic businesses in small emerging companies).

Most importantly, CVC's business is focussed on the integrity and competence of investee management teams, and our assessment of the value of investment opportunities includes an assessment of the track record and potential of the individuals within a targeted opportunity.

Sound investment decisions require a thorough methodology and the time necessary to identify, target, negotiate, conduct due diligence and structure the opportunity. CVC adopts a timely yet patient approach to these initial phases as well as the subsequent development of the business and the realisation phase of the investment lifecycle.

The Year in Review

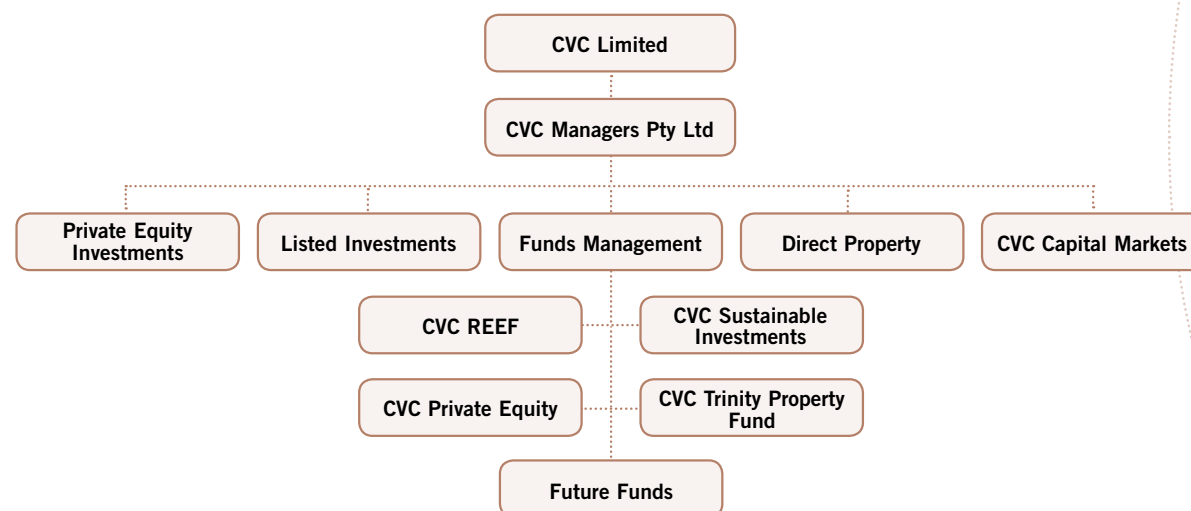
CVC recognises that the major challenge faced by an investment manager is the deployment of capital into quality businesses with solid growth prospects. Accordingly, when we identify a company and management team who achieve benchmark returns over a prolonged period, our intention is usually to continue to hold the investment. By way of an example, CVC's initial investment in our current holding in the Sunland Group Limited was made in 1995.

Considerable effort has been made in the last few years into strengthening the process through which CVC identifies and structures its investments. The benefits of this review have been evident in the Group's recent growth and we look forward to these returns enduring into the future.

dividend policy

CVC has a track record of consistently paying annual franked dividends since 1996 with interim dividends paid every year since 2004. Our dividend per share has increased in every year since 2001. Our recent emphasis on developing recurring and stable profit streams reflects our objective of continuing our dividend payments at a stable level. We will target a dividend policy of at least 20% of annual net profits after tax and it is our intention that, subject to available franking credits, dividends will be 100% franked. It is intended that our practice of paying both an interim and final dividend will continue into the future.

company structure



capital management

The Company will continue to periodically purchase shares under the share buy-back scheme, dependent on price. Historically the buy-back scheme has enabled a better matching of assets with recurrent earnings and has achieved accretion in both Net Tangible Assets and Earnings Per Share.

corporate governance

During the year the Company has reviewed its corporate governance initiatives and has taken steps to implement the policies outlined in the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. Further information on CVC's corporate governance is provided in the corporate governance statement.

The Year in Review

outlook and organic growth

The key objective for 2008 and beyond is to develop core investment activities that facilitate the re-rating of CVC by the investment community. CVC will continue to target growth in funds management via investment performance, fundraising activities and by acquisition if suitable opportunities emerge. The growth of these funds will provide an on-going source of management fees, to cover the overheads of CVC and allow for the attraction of additional quality staff, and performance fees which we envisage will ultimately provide significant ongoing profitability.

The 2008 year will likely see the following developments:

private equity / venture capital

- Continued development of Ron Finemore Transport Pty Limited and its transport activities both organically and acquisitively;
- Rebuilding of the consumer foods division of Green's Foods to return the company to profitability;
- Identification of meaningful new investment opportunities and realisation of investments within the portfolio as appropriate;
- Restructuring of CVC Private Equity vehicle to maximise the return on investment and provide liquidity to shareholders;

- Continued development of CVC Sustainable Investments with objective to raise substantial funds to take advantage of identified investment opportunities;
- Continued development of our renewable energy investment vehicle CVC REEF Limited with continued realisations and new investments and initiatives to broaden the scope beyond pure renewable energy to low emissions and extension of the fund's life;
- "Bridging" finance of transactions including pre IPO opportunities; and
- Identification and investment in other high yielding alternative investments.

listed investments

- Continued strategic holding of Sunland Group Limited, Pro-Pac Packaging Limited, Blue Energy Limited, Cellnet Limited, Mercury Mobility Limited, Tri-Origin Minerals, Trinity Limited, CVC Trinity Property Fund, Probiotec Limited, Cyclopharm Limited and Vita Life Sciences Limited. CVC will derive income from strategic listed investments in a number of key areas, dividend income, equity accounted income where appropriate, directors and advisory fees where appropriate, and occasionally from underwriting new issues where appropriate;

- Active management of key strategic investments via assistance with both acquisitive and organic growth where appropriate and restructuring where appropriate; and
- Identification of other strategic investments in which CVC can acquire a significant stake to complement major holdings and contribute a source of dividends and capital growth.

funds management

- Continued development of CVC Trinity Property Fund with the objective of growing the fund to in excess of \$200 million of assets under management by 2008;
- Continued capital raising and development of investments for CVC Sustainable Investments to ensure it achieves critical mass as a stand-alone fund;
- Continued development of CVC REEF Limited to broaden the investment scope of the fund and ensure it achieves critical mass;
- Restructuring of CVC Private Equity Limited to provide a liquidity mechanism for shareholders, deliver a greater return on assets and ensure it achieves critical mass;
- Cornerstone investment into boutique Australian Equities Manager Concise Asset Management;

The Year in Review

“CVC will continue to target growth in funds management via investment performance, fundraising activities and by acquisition if suitable opportunities emerge.”

- Evaluation of and possible development of new investment products; and
- Evaluation of and possible acquisition of funds management companies that provide either scale, distribution strength or synergy.

cvc capital markets

- CVC Capital Markets has been established for the specific purpose of monetising some of the value-added services that CVC provides to both existing and prospective investees; and
- In 2008 it is envisaged that CVC Capital Markets will contribute meaningfully to our annual result. In the year commenced CVC Capital Markets has already advised on or under-written the following issues or placements: Blue Energy Limited, Cellnet Limited, Mercury Mobility Limited, Pro-Pac Packaging Limited and the Environmental Group Limited.

Major Shareholdings as at 30 June 2007

Major Investments	No. of Shares	Valuation	Anticipated Dividends
Cellnet Group Limited (CLT)	12.1 m	\$11.3 m	\$0.2 m
Mercury Mobility Limited (MMY)	18.3 m	\$3.7 m	-
Probiotec Limited (PBP)	1.9 m	\$2.2 m	-
Pro-Pac Packaging Limited (PPG)	8.5 m	\$3.1 m	\$0.2 m
Sunland Group Limited (SDG)	34.3 m	\$139.9 m	\$4.5 m
Trinity Group (TCQ)	5.5 m	\$16.3 m	\$0.6 m
Tri Origin Minerals Limited (TRO)	5.2 m	\$7.1 m	-
Cyclopharm Limited (CYC)	15.0 m	\$5.4 m	-
CVC Trinity Property Fund (CJT)	39.5 m	\$6.3 m	-
		\$195.3 m	\$5.5 m

private equity / venture capital

In the past 12 months CVC's returns from private equity were derived from realisation of Probiotec Limited, and equity accounted results of GPG No.7 Pty Limited (holding company for consumer foods business of Green's Foods Limited), Ron Finemore Transport Pty Limited, CVC Sustainable Investments, CVC REEF Limited and CVC Private Equity Limited. We continue to believe private equity investments will provide a solid base for

investment performance over the next 5 years, however we believe that our patience in not deploying substantial capital in the environment that existed up until June 2007 will be rewarded. We believe that the investment climate that will exist in the next 12 to 24 months will be much more favourable for deploying capital and that well executed transactions will provide a base for significant future profitability.

The Year in Review

strategic listed equity investments

CVC owns a number of strategic investments in listed companies which have been acquired to take advantage of perceived value opportunities arising through initial public offerings, private placements and strategic investing.

CVC believes investments in small, listed companies offers diversification in the portfolio and have the ability to contribute substantially to the return objective through both yield and capital growth.

During the year CVC sold its long term holding in Green's Foods Limited as a result of a take-over by scheme of arrangement by Nestlé Australia Limited realising a profit of approximately \$6 million.

A combination of the realisation of a number of assets and CVC's robust balance sheet created the opportunity to acquire new strategic investments in Cellnet Group Limited, Blue Energy Limited, Trinity Group Limited and Tri Origin Minerals which CVC believes have the potential to provide substantial capital growth over the medium to long term. At year-end there were unrealised profits on listed investments amounting to in excess of \$123.1 million.

The existing portfolio, dominated by Sunland Group Limited, continues to underpin substantial performance of the group via annual and interim dividends and

substantial capital growth. Sunland continues to emerge as an outstanding investment, with its investment value attributable to CVC increasing by \$63.8 million during the year including a dividend of \$4.5 million.

property

- Continued evaluation of development opportunities through project funding with returns enhanced by a combination of interest income and capital growth;
- Current projects include the construction of a bulky goods retail centre in Geelong Victoria. Earth works are anticipated to commence in July 2007 with the completed value of circa \$38 million on completion at the end of the financial year 2008;
- Two additional retail bulky goods sites have been located in the regional centres of Shepparton in northern Victoria and Wagga Wagga in New South Wales. Both are excellently located in growth areas with construction anticipated to commence in early 2008;
- A long term relationship with Sydney based property developer Sakkara Investment Management has been established with a \$10 million funding package to assist in the construction of a \$90 million end value commercial/industrial development in Alexandria Sydney and ongoing access to future development opportunities;
- Development funding was also provided to the Queensland property developers Raptis Group and Trinity Limited. Both companies are well established ASX listed property specialists; and
- We continue to hold a direct holding in an industrial site leased to an investee company Battery Energy Power Solutions Pty Limited.

“CVC believes investments in small, listed companies offers diversification in the portfolio and have the ability to contribute substantially to the return objective through both yield and capital growth.”

Financial Report

for the year ended
30 June 2007



Directors' Report

for the year ended
30 June 2007

Your Directors present the Financial Report of CVC Limited (the "Company") and of the Consolidated Entity ("CVC"), being the Company and its controlled entities, for the year ended 30 June 2007 together with the Auditors' Report thereon.

DIRECTORS

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

Vanda Russell Gould (Chairman)

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

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

Board member from 1984 – 1994 and from 1996 to date.

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

During the past three years Mr Gould has also served as a Director of Cyclopharm Limited and Vita Life Sciences Limited.

John Scott Leaver (Non-Executive Director)

B.Ec. (Uni. of Sydney)

Australian Financial Services Licence holder.

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

Prior to his involvement in the founding of the Company, Mr Leaver had extensive experience in the stockbroking industry.

During the past three years Mr Leaver has also served as a Director of Sunland Group Limited.

John Douglas Read (Non-Executive Director)

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

Fellow of the Australian Institute of Company Directors.

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

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

During the past three years Mr Read has also served as a Chairman and Director of the following other listed companies: The Environmental Group Limited, Pro-Pac Packaging Limited and Patrys Limited.

Alexander Damien Harry Beard (Director and Company Secretary)

B. Com. (Uni. of NSW)

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

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

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

During the past three years Mr Beard has also served as a Director of the following other listed companies: Green's Foods Limited, Tamaya Resources Limited (formerly SMC Gold Limited), Cellnet Group Limited, Mercury Mobility Limited and Blue Energy Limited.

John Thomas Riedl (Non-Executive Director)

B.Sc, B.E. (Elect), (Hons) (Sydney)

Board member since 2002. Member of the audit committee.

Mr Riedl was the managing Director of Techniche Limited, a venture capital company, for fifteen years which, like CVC, commenced life under the MIC act. He has a broad range of commercial and technical experience.

During the past three years Mr Riedl has also served as a Director of the listed Eserv Global Limited.

COMPANY SECRETARIES

John Andrew Hunter

B.Com. (ANU), MBA (MGSM)

Member of the Institute of Chartered Accountants in Australia.

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

DIRECTORS' MEETINGS

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

	Directors' Meetings	
	No. of meetings attended	No. of meetings held
Mr V R Gould	5	6
Mr J S Leaver	3	6
Mr J D Read	6	6
Mr A D H Beard	6	6
Mr J T Riedl	4	6

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 held
Mr J D Read	2	2
Mr A D H Beard	2	2
Mr J T Riedl	2	2

DIRECTORS' INTERESTS

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

	Ordinary Shares
Mr V R Gould	34,828,583
Mr J S Leaver	38,046,089
Mr J D Read	528,956
Mr A D H Beard	2,193,136
Mr J T Riedl	50,000

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

OVERVIEW OF ACTIVITIES

The sections below provide details on the results, dividends, activities, operations, changes in state of affairs and expectations for the future. Further details and commentaries are also provided in the Chairman's Report and Review of Operations sections of the annual report.

CONSOLIDATED RESULTS

The Directors of CVC are pleased to announce that the 2007 financial year has seen another strong performance by the Company, including:

- > Profit before taxation of \$35.8 million (2006: \$30.3 million);
- > Net profit after tax of \$30.8 million (2006: \$23.3 million);
- > Earnings per share of 23.9 cents (2006: 19.1 cents).

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

	2007	2006
	\$	\$
Net profit after income tax	30,811,598	23,305,111
Minority interests	(53,653)	(5)
Net profit after income tax attributable to members	30,757,945	23,305,106

Directors' Report

for the year ended
30 June 2007

Directors' Report

for the year ended
30 June 2007

DIVIDENDS

A final dividend in respect of the year ended 30 June 2007 of 6 cents per share was declared on 21 August 2007. Two interim dividends were paid in respect of the year ended 30 June 2007, comprising 6 cents per ordinary share amounting to \$6,989,050 paid on 22 February 2007 and 3 cents per ordinary share amounting to \$5,152,652 paid on 13 April 2007.

A final dividend in respect of the year ended 30 June 2006 of 3 cents per share amounting to \$3,491,821 was paid on 26 September 2006. An interim dividend in respect of the year ended 30 June 2006, of 3 cents per share was paid on 17 March 2006.

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS

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

Listed Investments

CVC's long term investment in Green's Foods Limited was sold to Nestlé Australia Limited under a Scheme of Arrangement resulting in a profit of \$6.6 million on the original investment. As part of the scheme Green's Food Limited's consumer foods division was bought by a joint venture with the Guinness Peat Group (Australia) Pty Limited.

This segment provided a source of both dividend and capital growth over the last 12 months which included the following:

Company	Holding	Value at 30 June 2007	Dividends Received 30 June 2007
Cellnet Group Limited	22.9%	\$11.3 million	\$0.2 million
Mercury Mobility Limited	22.9%	\$3.7 million	-
Probiotec Limited	4.0%	\$2.2 million	-
Pro-Pac Packaging Limited	20.5%	\$3.1 million	\$0.2 million
Sunland Group Limited	10.7%	\$139.9 million	\$4.5 million
Trinity Group	4.7%	\$16.3 million	\$0.6 million
Tri Origin Minerals Limited	6.1%	\$7.1 million	-
Cyclopharm Limited	11.0%	\$5.4 million	-

Private Equity

The investment in Probiotec Limited was listed on the Australian Stock Exchange ("ASX") and resulted in a profit of \$2.2 million. The company still has good prospects for the future and as such CVC still retains a 4.0% holding.

The investment in Vita Life Sciences Limited has showed signs of improvement with the listing of Cyclopharm Limited in January 2007 on the ASX, which is a successful radiopharmaceutical company servicing the medical profession.

Directors' Report

for the year ended
30 June 2007

Property

CVC has experienced a significant amount of activity with its property portfolio with a number of new investments in the last 12 months which included both direct property as well as investing in property development companies such as Sakkara and the sale of the Belrose Lifestyle Retail Centre development site to CVC Trinity Property Fund for a profit of \$2.4 million.

An agreement was signed with the Aspen Group appointing them as developer of the Fern Bay Seaside Village, a 50% joint venture with the Winten Property Group, for \$76.6 million. This has resulted in the recognition of a profit of \$9.0 million.

Funds Management

CVC is reviewing a number of options to increase the scale of its funds under management and profitability of the funds management segment. During the year CVC Trinity Property Fund, CVC Sustainable Investments Limited and CVC have engaged in capital raisings. CVC Trinity Property Fund increased its unitholders' funds by \$14.5 million and CVC Sustainable Investments Limited issued a prospectus to raise \$30 million, with a total \$2.6 million of new funds raised during the year until the time of writing. CVC also completed a successful capital raising of \$110 million in April 2007.

CVC signed a Joint Venture agreement with Trinity Group to expand the number of investment properties in the CVC Trinity Property Fund.

Corporate Finance

A strategic appointment was made to the management team with Ben Loiterton responsible for managing the Corporate Finance operations of the group. Since the end of the financial year CVC has managed and earned fees from the capital finance and restructure of Pro-Pac Packaging Limited and Blue Energy Limited and the restructure of Cellnet Limited with the spin-off and recapitalisation of Mercury Mobility Limited.

STATE OF AFFAIRS

Significant changes in the state of affairs of CVC during the financial year included:

- > Increase in net assets of \$178.8 million;
- > Share buy-back of \$1.4 million;
- > Dividend payments of \$15.6 million;

- > Capital raising of \$110.0 million;
- > Undertake a scheme of arrangement for the sale of Green's Food Limited to Nestlé Australia Limited for total consideration of \$14.3 million and subsequent purchase of the non-petfood business;
- > Sell down of \$6.5 million shareholding in Probiotec Limited into the Initial Public Offering;
- > Appointment of Aspen group as developer of the Fern Bay Seaside Village with the return of \$21.0 million of funds to CVC; and
- > Increase in the value of listed investments by \$55.8 million (2006: \$10.3 million).

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. CVC has however, continued to direct resources to building its recurrent earnings base and has a robust balance sheet as at 30 June 2007. The Company believes the strong balance sheet and continual evaluation of investment opportunities by its management team will enable the identification and execution of suitable investment opportunities during the course of the year.

ENVIRONMENTAL REGULATION

CVC's operations are not subject to environmental regulations.

EVENTS SUBSEQUENT TO BALANCE DATE

As at 20 August 2007 the ASX has experienced a significant decline since the end of the financial year with the ASX Small Ordinaries Index 10.4% lower than as at 30 June 2007. By way of comparison, CVC's Net Asset Value has decreased by 3.0% over the same period. On a daily basis the share market both increases and decreases in value. Considering the strategy of CVC is the long term investment in companies, this event is not expected to significantly affect the operations of CVC, the results of those operations, or the state of affairs of CVC, in future financial years.

SHARE OPTIONS

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

Directors' Report

for the year ended
30 June 2007

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

a) Indemnification

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

b) Insurance premiums

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

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

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

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and Executives 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 executive remuneration is separate and distinct.

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

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

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

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

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

- > key employees are invited by the Directors to acquire shares in the Company subject to certain conditions;
- > the conditions specify performance hurdles and time periods in which they are required to be achieved;
- > all shares issued under the plan to date cover a three year period and require that the total return to shareholders over the three year period exceeds the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index;
- > shares are issued at market value and the Company provides a loan to the participant to cover the cost of the shares;
- > interest is charged on the loan equivalent to dividends paid on the shares;
- > the shares are restricted and cannot be dealt with by the participant during the period;
- > shares are forfeited and the loans are cancelled if the performance hurdles have not been met or the share price at the end of the period is below the issue price;
- > if shares are not forfeited, at the end of the period the participant is required to repay the loan, the restrictions on the shares are removed and the shares are taken out of the plan; and
- > a maximum of 10 million shares can be issued under the plan.

At the date of this report the following shares have been issued under the plan:

Name	No. of Shares	Loan Provided		Interest Charged	End of Period
		Opening	Closing		
Alexander Beard	1,000,000	\$1,150,000	\$1,150,000	\$120,000	27th October 2007
Elliott Kaplan	1,000,000	\$1,150,000	\$1,150,000	\$120,000	27th October 2007
Geoffrey Leaver	500,000	\$575,000	\$575,000	\$60,000	27th October 2007
Christian Jensen	200,000	\$230,000	\$230,000	\$24,000	27th October 2007
Gaibrielle Cleary	200,000	\$262,000	\$262,000	\$24,000	22nd November 2008
	2,900,000	\$3,367,000	\$3,367,000	\$348,000	

Individual remuneration disclosures

The only remuneration paid by the Company is Directors' fees paid to Messrs Read and Riedl. All other remuneration disclosed relate to the consolidated group.

Remuneration of key management personnel/(audited)

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

Directors' Report

for the year ended
30 June 2007

Directors' Report

for the year ended
30 June 2007

Remuneration of Directors for the year ended 30 June 2007

		Primary benefits Base Salary and Fees	Post- employ't Super	Equity Based (b)	Other	Total	Base % (c)
Mr ADH Beard (Director)	2007	\$201,835	\$18,165	\$37,918	\$1,939	\$259,857	85%
	2006	\$183,653	\$16,529	\$25,556	\$9,948	\$235,686	89%
Mr VR Gould (a) (Chairperson and Non-Executive Director)	2007	\$200,000	-	-	-	\$200,000	100%
	2006	\$200,000	-	-	-	\$200,000	100%
Mr JS Leaver (a) (Non-Executive Director)	2007	\$200,000	-	-	-	\$200,000	100%
	2006	\$200,000	-	-	-	\$200,000	100%
Mr JD Read (Non-Executive Director)	2007	\$25,000	-	-	-	\$25,000	100%
	2006	\$25,000	-	-	-	\$25,000	100%
Mr JT Riedl (Non-Executive Director)	2007	\$25,000	-	-	-	\$25,000	100%
	2006	\$25,000	-	-	-	\$25,000	100%
	2007	\$651,835	\$18,165	\$37,918	\$1,939	\$709,857	
	2006	\$633,653	\$16,529	\$25,556	\$9,948	\$685,686	

Notes:

- (a) CVC paid management fees of \$200,000 (2006: \$200,000) each to entities associated with Messrs Gould and Leaver that covers the cost of their services.
- (b) Shares and loans issued under the CVC Executive Long Term Incentive Plan have been valued as though they were options based on the following assumptions:
- 3 year life
 - Risk free interest rate of 6%
 - Volatility factor of 10%
 - A dividend yield of 3.5%

This gives a value per share granted of 11.5 cents. The figures above assume this cost is spread over thirty six months with twelve months being relevant to the current financial year.

- (c) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

During the year, CVC Managers Pty Limited paid \$nil (2006: \$8,500) to HLB Mann Judd (NSW Partnership) in respect of advice provided in relation to the capital raisings of CVC Sustainable Investments Limited. No other amounts were paid by CVC for non-audit services to HLB Mann Judd (NSW Partnership) during the year.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF CVC LIMITED

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd (NSW Partnership) is included on page 20.

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

Dated at Sydney 21 August 2007.

Alexander Beard
Director

Vanda Gould
Director

Directors' Report

.....
for the year ended
30 June 2007

Auditors' Independence Declaration

.....
for the year ended
30 June 2007

To the Directors of CVC Limited:

As lead auditor for the audit of CVC Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

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

Dated at Sydney 21 August 2007.

MD Muller

Partner

**HLB Mann Judd
(NSW Partnership)**

Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Income Statements

for the year ended
30 June 2007

	Notes	Consolidated 2007 \$	2006 \$	The Company 2007 \$	2006 \$
INCOME					
Revenue from services		1,880,163	5,015,778	85,000	-
Net gain on sale of equity investments		14,733,314	16,762,359	9,976,303	3,542,470
Interest revenue		7,126,143	5,176,410	6,741,062	5,645,259
Dividend revenue		5,646,136	5,298,658	5,565,346	4,636,918
Recoveries of loans		1,224,701	1,694,436	2,260,380	2,160,085
Other income		680,733	331,846	146,281	63,399
Total income	3	31,291,190	34,279,487	24,774,372	16,048,131
Share of net profits of associates accounted for using the equity method	13	10,982,860	764,955	-	-
Share of net (loss)/profits of joint ventures accounted for using the equity method	12	(17,080)	26,350	(17,080)	26,350
EXPENSES					
Amortisation of intangibles		117,000	117,000	-	-
Finance costs	4	743,926	149,590	128,593	36,059
Depreciation expense		37,366	30,001	-	-
Employee expenses		2,002,070	1,374,250	117,912	109,228
Management and consultancy fees		1,619,776	1,052,261	3,968,777	2,938,221
Impairment expenses on loans		432,706	730,899	1,489,233	671,181
Other expenses	4	1,493,286	1,325,481	368,278	355,928
Profit before related income tax expense		35,810,840	30,291,310	18,684,499	11,963,864
Income tax expense	5	4,999,242	6,986,199	5,598,683	6,317,319
Net profit		30,811,598	23,305,111	13,085,816	5,646,545
Net profit attributable to minority interest	22	53,653	5	-	-
Net profit attributable to members of the parent entity		30,757,945	23,305,106	13,085,816	5,646,545
Basic earnings per share	6	0.2387	0.1910		
Diluted earnings per share	6	0.2369	0.1902		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 55.

Balance Sheets

as at 30 June 2007

	Notes	2007 \$	Consolidated 2006 \$	2007 \$	The Company 2006 \$
CURRENT ASSETS					
Cash and cash equivalents	24	115,008,945	24,194,797	114,422,371	23,594,683
Trade and other receivables	8	24,794,211	15,799,635	18,047,614	16,500,654
Current tax assets	5	-	304,864	-	304,864
Other assets	10	69,421	89,531	12,633	48,038
Total current assets		139,872,577	40,388,827	132,482,618	40,448,239
NON-CURRENT ASSETS					
Trade and other receivables	8	4,069,502	5,422,656	15,639,869	6,580,250
Financial assets – “available-for-sale”	9	204,265,739	126,588,621	199,237,190	130,011,759
Investments accounted for using the equity method	11	41,512,461	11,157,964	34,829,906	6,905,656
Property, plant and equipment	14	45,621	19,424	-	-
Investment properties	15	2,799,197	2,818,637	-	-
Intangible assets	16	8,473,634	8,686,354	-	-
Deferred tax assets	5	3,218,075	1,039,109	1,577,817	722,542
Total non-current assets		264,384,229	155,732,765	251,284,782	144,220,207
TOTAL ASSETS		404,256,806	196,121,592	383,767,400	184,668,446
CURRENT LIABILITIES					
Trade and other payables	17	1,209,233	2,145,874	292,437	1,685,655
Provisions	18	187,623	323,985	-	163,950
Current tax liabilities	5	4,429,030	4,641,279	4,429,030	4,642,639
Total current liabilities		5,825,886	7,111,138	4,721,467	6,492,244
NON-CURRENT LIABILITIES					
Trade and other payables	17	-	-	76,035,366	54,551,380
Interest bearing loans and borrowings	19	8,325,924	2,113,032	1,164,400	-
Deferred tax liabilities	5	44,940,051	19,491,298	40,153,383	17,347,941
Total non-current liabilities		53,265,975	21,604,330	117,353,149	71,899,321
TOTAL LIABILITIES		59,091,861	28,715,468	122,074,616	78,391,565
NET ASSETS		345,164,945	167,406,124	261,692,784	106,276,881
EQUITY					
Contributed equity	20	145,370,769	38,633,426	145,370,769	38,633,426
Retained profits	21	113,202,090	98,077,668	24,382,046	26,929,753
Other reserves	23	86,494,859	30,694,856	91,939,969	40,713,702
Total parent entity interest		345,067,718	167,405,950	261,692,784	106,276,881
Minority interest	22	97,227	174	-	-
TOTAL EQUITY		345,164,945	167,406,124	261,692,784	106,276,881

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 25 to 55.

Statements of Changes in Equity

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Income and expenses recognised directly in equity				
“Available-for-sale” investments:				
- Increase in fair values recognised in other reserves	82,812,566	22,251,917	76,272,614	21,008,645
- Amounts transferred from other reserves to the income statement on sale	(3,260,679)	(7,712,384)	(3,260,679)	227,192
- Income tax on fair value movements taken to or from other reserves	(23,865,563)	(4,361,859)	(21,903,580)	(6,370,751)
Value of equity based remuneration recognised in other reserves	117,912	109,228	117,912	109,228
Value of associates equity based remuneration recognised in other reserves	(3,345)	-	-	-
Net income reflected directly in equity	55,800,891	10,286,902	51,226,267	14,974,314
Profit for the year	30,811,598	23,305,111	13,085,816	5,646,545
Total recognised income and expense for the year	86,612,489	33,592,013	64,312,083	20,620,859
Attributable to:				
Shareholders	86,557,948	33,592,008	64,312,083	20,620,859
Minority interests	54,541	5	-	-
	86,612,489	33,592,013	64,312,083	20,620,859
Transactions with shareholders in their capacity as shareholders				
Shares issued during the period:				
- Share placement	110,195,000	-	110,195,000	-
- Transaction cost of share placement net of tax	(2,768,650)	-	(2,768,650)	-
- Through the dividend reinvestment plan	703,705	1,575,503	703,705	1,575,503
- Under the executive and non-executive long term incentive plan	3,000	1,000	3,000	1,000
Payments for share buy-backs	(1,395,712)	(15,452,471)	(1,395,712)	(15,452,471)
Dividends paid to shareholders	(15,633,523)	(7,528,437)	(15,633,523)	(7,528,437)
Total transactions with shareholders in their capacity as shareholders	91,103,820	(21,404,405)	91,103,820	(21,404,405)
Other equity movements				
Increase in minority interest from sale of controlled entity	42,512	-	-	-
Net increase in equity for the year	177,758,821	12,187,608	155,415,903	(783,546)
Equity at the beginning of the year	167,406,124	155,218,516	106,276,881	107,060,427
Equity at the end of the year	345,164,945	167,406,124	261,692,784	106,276,881

The statements of changes in equity are to be read in conjunction with the notes to the financial statements as set out on pages 25 to 55.

Cash Flow Statements

for the year ended
30 June 2007

	Notes	Consolidated		The Company	
		2007 \$	2006 \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		2,098,763	1,109,228	265,940	63,399
Cash payments in the course of operations		(6,007,522)	(2,982,360)	(5,714,037)	(2,361,099)
Interest received		3,385,478	2,273,750	3,662,504	2,217,681
Dividends received		5,646,136	5,298,658	5,565,346	4,636,918
Interest paid		(158,848)	(136,558)	(97)	(36,059)
Income taxes paid		(4,314,405)	(1,265,789)	(4,313,060)	(1,265,437)
Net cash provided by/(used in) operating activities	24	649,602	4,296,929	(533,404)	3,255,403
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(44,123)	(2,845,770)	-	-
Payments for equity investments		(48,348,727)	(40,684,497)	(43,450,576)	(41,023,000)
Proceeds on disposal of equity investments		34,915,293	37,063,961	30,065,495	20,618,461
Payments for acquisition of controlled entities net of cash acquired		-	(191,440)	-	-
Proceeds for sale of controlled entities		200,000	-	200,000	-
Loans provided		(28,348,254)	(6,397,057)	(29,072,386)	(9,768,351)
Loans repaid		41,528,101	10,806,946	43,356,303	31,473,565
Net cash (used in)/provided by investing activities		(97,710)	(2,247,857)	1,098,836	1,300,675
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	2,100,000	-	-
Dividends paid to members of parent entity		(14,581,818)	(5,778,933)	(14,581,818)	(5,778,933)
Shares bought-back on market		(1,395,712)	(15,452,472)	(1,395,712)	(15,452,472)
Issue of shares		110,195,000	-	110,195,000	-
Cost of share issue		(3,955,214)	-	(3,955,214)	-
Net cash provided by/(used in) financing activities		90,262,256	(19,131,405)	90,262,256	(21,231,405)
Net increase in cash held		90,814,148	(17,082,333)	90,827,688	(16,675,327)
Cash at the beginning of the financial year		24,194,797	41,277,130	23,594,683	40,270,010
CASH AT THE END OF THE FINANCIAL YEAR	24	115,008,945	24,194,797	114,422,371	23,594,683

The cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 25 to 55.

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NOTE 1: STATEMENT OF ACCOUNTING POLICIES

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

1.1 Basis of Preparation

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

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

1.2 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

AASB 7 Financial Instruments: Disclosures and *AASB 2005-10 Amendments to Australian Accounting Standards* have recently been issued but are effective for reporting periods commencing after 1 January 2007 and have not been adopted for the annual reporting period ended 30 June 2007. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's financial instruments.

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 2007 ("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 inter company 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.

Notes to the Financial Statements

for the year ended
30 June 2007

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.3 Principles of Consolidation (Cont.)

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.

Minority interests not held by CVC are allocated their share of net profit after tax in the income statement and are presented within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC's equity accounted share of the associates' net profit or loss is recognised in the consolidated income statement 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 profits (note 21). CVC's equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

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 income statement 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.

Transactions eliminated on consolidation

Gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Gains resulting from transactions with associates are eliminated to the extent of CVC's interest.

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.

Goodwill has been determined as the savings arising from the purchase of the intra-group management agreements. Goodwill is reviewed annually for impairment or more frequently if events or changes in circumstance indicate that the carrying value may be impaired.

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 an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

1.5 Investments

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Associated companies

In the Company's financial statements investments in shares of associates are carried at the lower of cost and recoverable amount.

Joint ventures

The Company'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. The Company's equity accounted share of the joint venture partnerships' net profit or loss is recognised in the income statement from the date joint control commences to the date joint control ceases. The Company's share of other movements in reserves is recognised directly in reserves.

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 balance sheet 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 balance sheet date.

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.6 Income Tax and Other Taxes (Cont.)

Deferred income tax is provided on all temporary differences at the balance sheet 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 balance sheet 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 balance sheet 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 or loss.

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. The 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. The Company recognises the current tax liabilities (or assets) and 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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 cash flow statement, 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 costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

1.9 Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

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

1.10 Property, Plant and Equipment

Acquisition

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

Investment property

Investment property is initially measured at cost, including transaction costs and depreciated as outlined below.

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 income statement. 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

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.10 Property, Plant and Equipment (Cont.)

where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Depreciation and amortisation

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

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

Plant and equipment	5% to 50%
Leased assets	15% to 25%
Buildings	2.5%

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 Investments and Other Financial Assets

Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, “held-to-maturity” investments, or “available-for-sale” investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs. The Group 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 the Group 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.

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 profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

“Available-for-sale” investments

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

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 balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; 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.

1.12 Intangible Assets other than Goodwill

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

Intangible assets in relation to intra-group management agreements are eliminated on consolidation thereby increasing the amount of goodwill arising.

Intangible assets are amortised on a straight line basis over the period during which benefits are expected to be received. The period in use of the management agreements during the year was 10 years.

1.13 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.

1.14 Revenue and Revenue Recognition

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

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

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (Cont.)

1.14 Revenue and Revenue Recognition (Cont.)

receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sale of non-current assets

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

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

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

Provision of services

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

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

Dividends

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

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

Revenue from dividends from other investments is recognised when received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

1.15 Employee Entitlements

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date

are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

Share based payment transactions

The Group provides benefits to employees (including senior executives) of the Group 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.

1.16 Contributed Equity

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

1.17 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.

1.18 Comparative Figures

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

1.19 Segment Reporting

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

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 2: CONTROLLED ENTITIES

2.1 Composition of Consolidated Group

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

	Interest Held by Consolidated Entity	
	2007 %	2006 %
CVC Limited		
<i>Direct Controlled Entities:</i>		
Biomedical Systems Pty Limited	100	100
CVC Fairfield Pty Limited	100	100
CVC Finance Company Pty Limited	100	-
CVC Investment Managers Pty Limited (formerly Kingarow Pty Limited)	100	100
CVC Leasing Pty Limited	100	100
CVC Managers Pty Limited	100	100
CVC Mezzanine Finance Pty Limited	100	100
CVC Narabang Pty Limited	95	-
CVC (Newcastle) Pty Limited	100	100
CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited)*	50	100
CVC Technologies Pty Limited	100	100
Energy Technology Holding Pty Limited	100	100
Laserex Pty Limited	100	100
Renewable Energy Managers Pty Limited	100	100
Stinoc Pty Limited	99	99
Skyline Investments Australia Pty Limited	100	100
The Eco Fund Pty Limited	100	100
<i>Controlled Entities owned 100% by Laserex Pty Limited</i>		
CVC Communication and Technology Pty Limited	100	100
<i>Controlled Entities owned 100% by CVC Managers Pty Limited</i>		
CVC Capital Markets Pty Limited	100	-

* CVC Trinity Property Managers Limited is considered to be controlled by CVC Limited as 50% of the ordinary shares and the appointment of the Chairman of the company is controlled by CVC Limited.

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 2: CONTROLLED ENTITIES (Cont.)

2.2 Acquisition and Disposals of Controlled Entities – CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited)

On 1 June 2007 CVC sold 50% of CVC Trinity Property Managers Limited comprising of 4,533,436 shares in the Company for a consideration of \$200,000.

A summary of the sale is as follows:

50% of the assets and liabilities of CVC Trinity Property Managers Limited at Sale:		\$
Cash assets		13,926
Tangible assets		75,670
Intangible assets		95,720
Payables		(25,039)
Deferred tax liabilities		(22,045)
		138,232
Profit on disposal		61,768
		200,000

For the period from disposal to the end of the financial year, CVC Trinity Property Managers Limited recorded revenues of \$162,712 and profit before tax and amortisation of intangibles of \$151,153.

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 3: INCOME				
Revenue from services	1,880,163	5,015,778	85,000	-
Net gain on sales of equity investments	14,733,314	16,762,359	9,976,303	3,542,470
Interest:				
Controlled entities	-	-	329,656	548,697
Related parties	1,171,168	669,641	1,171,168	669,641
Other parties	5,954,975	4,506,769	5,240,238	4,426,921
Dividends:				
Related parties	14,550	-	185,694	86,780
Other parties	5,631,586	5,298,658	5,379,652	4,550,138
Impairment recoveries	1,224,701	1,694,436	2,260,380	2,160,085
Other revenue	680,733	331,846	146,281	63,399
Total income	31,291,190	34,279,487	24,774,372	16,048,131

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 4: PROFIT BEFORE INCOME TAX EXPENSE				
Profit before income tax expense has been arrived at after charging the following items:				
Borrowing costs:				
Related parties	585,078	-	128,496	-
Other parties	158,848	149,590	97	36,059
Total borrowing costs	743,926	149,590	128,593	36,059
Other expenses:				
Audit fees	90,000	113,927	77,500	75,500
Directors fees	74,000	62,002	50,000	50,000
Insurance	115,638	95,969	25,926	26,971
Legal costs	69,339	49,976	53,031	61,643
Operating lease rental expense	377,604	358,781	-	-
Travel and accommodation	144,516	80,642	-	-
All other expenses	622,189	564,184	161,821	141,814
Total other expenses	1,493,286	1,325,481	368,278	355,928

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 5: INCOME TAX				
5.1 Income Tax Expense				
Accounting profit before income tax	35,810,840	30,291,310	18,684,499	11,963,864
Income tax expense at the statutory income tax rate of 30%	10,743,252	9,087,393	5,605,350	3,589,159
Increase in income tax expense due to:				
Prima facie income tax on profit from subsidiaries within tax consolidation group	-	-	1,605,720	4,582,978
Sundry items	48,313	21,504	48,232	48,694
Decrease in income tax expense due to:				
Equity income not assessable	(3,210,111)	-	-	-
Franked dividends received	(1,546,219)	(1,565,087)	(1,546,219)	(1,565,087)
Recovery of tax losses not previously recognised	(947,627)	(4,982)	-	-
Adjustments in respect of current income tax of previous years	5,087,608 (88,366)	7,538,828 (552,629)	5,713,083 (114,400)	6,655,744 (338,425)
Income tax expense	4,999,242	6,986,199	5,598,683	6,317,319
The major components of income tax expense are:				
Current income tax charge	4,452,645	4,963,993	4,452,645	4,963,993
Deferred income tax	634,963	2,574,835	1,260,438	1,691,751
Adjustments in respect of current income tax of previous years	(88,366)	(552,629)	(114,400)	(338,425)
Income tax expense reported in the income statement	4,999,242	6,986,199	5,598,683	6,317,319
5.2 Current Tax Assets				
Income tax instalments refundable				
Balance at the end of the year	-	304,864	-	304,864
5.3 Current Tax Liabilities				
Income tax payable				
Balance at the end of the year	4,429,030	4,641,279	4,429,030	4,642,639

Notes to the Financial Statements

for the year ended
30 June 2007

	Included in Income \$	Consolidated Included in Equity \$	Total \$	Included in Income \$	The Company Included in Equity \$	Total \$
NOTE 5: INCOME TAX (Cont.)						
5.4 Deferred Tax Assets						
Deferred income tax at 30 June related to the following deferred tax assets:						
Year ended 30 June 2007						
Provisions and accrued expenses	368,134	-	368,134	342,487	-	342,487
Loan impairment	404,882	-	404,882	151,422	-	151,422
Share raising costs	(439,273)	1,523,165	1,083,892	(439,273)	1,523,165	1,083,892
Other	439,961	-	439,961	16	-	16
Tax losses	921,206	-	921,206	-	-	-
	1,694,910	1,523,165	3,218,075	54,652	1,523,165	1,577,817
Year ended 30 June 2006						
Provisions and accrued expenses	153,428	-	153,428	90,321	-	90,321
Loan impairment	683,721	-	683,721	430,261	-	430,261
Share raising costs	(134,640)	336,600	201,960	(134,640)	336,600	201,960
	702,509	336,600	1,039,109	385,942	336,600	722,542
5.5 Deferred Tax Liabilities						
Deferred income tax at 30 June related to the following deferred tax liabilities:						
Year ended 30 June 2007						
"Available-for-sale" investments	-	37,027,517	37,027,517	-	39,653,820	39,653,820
Receivables	1,395,360	-	1,395,360	393,288	-	393,288
Equity accounted income	6,050,654	-	6,050,654	-	-	-
Property, plant and equipment	4,136	-	4,136	-	-	-
Intangible assets	254,475	-	254,475	-	-	-
Other	207,909	-	207,909	106,275	-	106,275
	7,912,534	37,027,517	44,940,051	499,563	39,653,820	40,153,383
Year ended 30 June 2006						
"Available-for-sale" investments	-	12,990,476	12,990,476	-	17,117,862	17,117,862
Receivables	1,137,545	-	1,137,545	230,079	-	230,079
Equity accounted income	5,038,527	-	5,038,527	-	-	-
Property, plant and equipment	4,136	-	4,136	-	-	-
Intangible assets	289,575	-	289,575	-	-	-
Other	31,039	-	31,039	-	-	-
	6,500,822	12,990,476	19,491,298	230,079	17,117,862	17,347,941

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 5: INCOME TAX (Cont.)

5.6 Tax Consolidation

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

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

In addition to its own current and deferred tax amounts, the Company recognises the current tax liabilities (or assets) and 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.

	2007 \$	Consolidated 2006 \$
NOTE 6: EARNINGS PER SHARE		
Basic earnings per share (dollars per share)	0.2387	0.1910
Diluted earnings per share (dollars per share)	0.2369	0.1902
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax	30,811,598	23,305,111
Less: minority interests	(53,653)	(5)
Earnings	30,757,945	23,305,106
	Number of Shares	
Weighted average number of ordinary shares* - Basic	128,873,792	122,008,195
Weighted average number of ordinary shares* - Diluted	129,851,358	122,534,893
Number of shares on issue at the end of the year	171,713,710	117,185,681

* The difference between Basic and Diluted shares on issue represents the CVC Executive Long Term Incentive Plan shares on issue which are treated as an option grant.

Notes to the Financial Statements

for the year ended
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NOTE 7: DIVIDENDS

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

Declared during the financial period and included within the balance sheet:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2006 Final on ordinary shares	3.00	3,491,821	26 September 2006	30%	100%
2007 Interim on ordinary shares	6.00	6,989,050	22 February 2007	30%	100%
2007 Interim on ordinary shares	3.00	5,152,652	13 April 2007	30%	100%

Declared after the end of the financial period and not included in the balance sheet:

A final dividend for 2007 of 6 cents per share to be paid on 9 November 2007 was declared on 21 August 2007.

	The Company	
	2007 \$	2006 \$
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	7,337,419	3,222,288

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 payment of dividends recognised as a liability at year-end
- (c) 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.

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 8: TRADE AND OTHER RECEIVABLES				
Current				
Trade and other receivables	2,160,833	648,235	1,605,414	587,691
Loans to other corporations	16,450,412	11,735,465	5,820,709	11,361,301
Loans to controlled entities	-	-	4,438,525	4,551,662
Loans to related entities	6,182,966	3,415,935	6,182,966	-
	24,794,211	15,799,635	18,047,614	16,500,654
Non-current				
Loans to other corporations	30,000	2,559,452	30,000	2,559,452
Loans to controlled entities	-	-	12,470,367	1,157,594
Loans to Director related entities	2,006,859	1,848,688	2,006,859	1,848,688
Loans to related entities	1,132,643	1,014,516	1,132,643	1,014,516
Retention receivable	900,000	-	-	-
	4,069,502	5,422,656	15,639,869	6,580,250
Further details of loans are set out in Note 29.				
NOTE 9: FINANCIAL ASSETS – “AVAILABLE-FOR-SALE”				
Non-current				
Unlisted controlled entities – at cost	-	-	9,323,245	9,413,943
Shares in listed corporations – at market value*	193,393,734	110,764,571	180,093,712	106,539,825
Other investments - at cost	10,872,005	12,222,396	9,820,233	10,456,337
Other investments - at fair value	-	3,601,654	-	3,601,654
	204,265,739	126,588,621	199,237,190	130,011,759
* Of the above investments Pro-Pac Packaging Limited is the only investment where greater than 20% interest is held which is not accounted for in accordance with AASB 128 <i>Investment in Associates</i> . CVC has a 20.5% interest recorded at a market value of \$3,076,445 (2006: \$2,142,802) and following the approval of the share placement at the meeting of shareholders on 14 August 2007 it is expected that CVC's shareholding will be diluted below 20%.				
NOTE 10: OTHER ASSETS				
Current				
Prepayments and deposits	57,658	44,972	12,633	12,011
Goods and services tax	11,763	44,559	-	36,027
	69,421	89,531	12,633	48,038

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 11: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Non-current				
Equity accounted interests in joint ventures (Note 12)	98,480	115,560	98,480	115,560
Equity accounted shares in listed associated companies (Note 13)	15,610,305	516,386	11,758,640	516,750
Equity accounted shares in other associated companies (Note 13)	25,803,676	10,526,018	22,972,786	6,273,346
	41,512,461	11,157,964	34,829,906	6,905,656
NOTE 12: INTERESTS IN JOINT VENTURES				
Joint Venture Partnerships				
Interests in joint venture partnerships	98,480	115,560	98,480	115,560
The Company and CVC hold 50% interests (2006: 50%) in two joint venture partnerships: Chevron Developments and Skyline Investments Australia.				
The principal activities of the joint ventures are property ownership, operation and finance.				
Movements in interests in joint venture partnerships are as follows:				
At the beginning of the year	115,560	89,210	115,560	89,210
Share of (loss)/profit for the year	(17,080)	26,350	(17,080)	26,350
Balance at the end of the year	98,480	115,560	98,480	115,560
The interests in joint venture partnerships at the end of the financial year are split as follows:				
Current assets	98,480	115,830	98,480	115,830
Current liabilities	-	(270)	-	(270)
Net assets	98,480	115,560	98,480	115,560
Retained profits	98,480	115,560	98,480	115,560
The share of the profit for the year from interests in joint venture partnerships is split as follows:				
Income	16,330	42,137	16,330	42,137
Expenses	(33,410)	(15,787)	(33,410)	(15,787)
Operating profit	(17,080)	26,350	(17,080)	26,350

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 13: INVESTMENTS IN ASSOCIATED ENTITIES

Details of material interests in associated entities are as follows:

	Type	Ownership Interest				Investment Carrying Amount			
		Consolidated		The Company		Consolidated		The Company	
		2007	2006	2007	2006	2007	2006	2007	2006
		%	%	%	%	\$	\$	\$	\$
CVC Private Equity Limited	Ords	33.7	28.5	33.7	28.5	7,026,592	4,729,024	6,042,279	4,698,346
CVC Reef Investment Managers Limited	Ords	50.0	50.0	-	-	-	32,048	-	-
Lauden CVC Property Trust	Units	-	45.0	-	-	-	3,604,087	-	-
Ron Finemore Transport Pty Limited	Ords	25.0	25.0	25.0	25.0	794,401	508,061	818,473	1,575,000
CVC Trinity Property Fund	Ord Units	37.4	19.5	37.4	19.5	5,744,191	516,386	471,817	516,750
Winten (No.20) Pty Limited	Ords	50.0	50.0	-	-	-	1,652,798	-	-
Cellnet Group Limited	Ords	22.9	19.28	22.9	19.3	9,866,114	-	11,286,823	-
Mercury Mobility Limited	Ords	22.9	-	22.9	-	3,345,152	-	3,656,979	-
GPG (No.7) Pty Limited	Ords	27.5	-	27.5	-	14,637,531	-	12,455,055	-
						41,413,981	11,042,404	34,731,426	6,790,096

		Dividends Received/Receivable			
		Consolidated		The Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
CVC Private Equity Limited		171,144	86,780	171,144	86,780
CVC Reef Investment Managers Limited		-	-	-	-
Lauden CVC Property Trust		-	-	-	-
Ron Finemore Transport Pty Limited		-	-	-	-
CVC Trinity Property Fund		-	-	-	-
Winten (No.20) Pty Limited		-	-	-	-
Cellnet Group Limited		-	-	-	-
Mercury Mobility Limited		-	-	-	-
GPG (No.7) Pty Limited		-	-	-	-
		171,144	86,780	171,144	86,780

Notes to the Financial Statements

for the year ended
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NOTE 13: INVESTMENTS IN ASSOCIATED ENTITIES (Cont.)

Information on associated entities:

CVC Private Equity Limited	- CVC Private Equity Limited is a private equity investment company.
CVC Reef Investment Managers Pty Limited	- CVC Reef Investment Managers Pty Limited was acquired as part of the acquisition of CVC Managers Pty Limited. It is the investment manager for the CVC REEF Limited renewable energy investment company.
Lauden CVC Property Trust	- Lauden CVC Property Trust owned a property at Belrose, NSW which was sold to CVC Trinity Property Fund.
Ron Finemore Transport Pty Limited	- Ron Finemore Transport Pty Limited is a regional road transport and logistics group.
Winten (No.20) Pty Limited	- Winten (No.20) Pty Limited was developing a residential site at Fern Bay, NSW until a development agreement was signed with ASX listed Aspen Group to develop the site.
CVC Trinity Property Fund	- CVC Trinity Property Fund (formerly Taragon Property Fund) holds property investments in Australia. CVC Trinity Property Managers Limited (formerly CVC Property Managers Limited) which is 50% owned by CVC Limited is the Responsible Entity and investment manager of the fund.
Cellnet Group Limited	- Cellnet Group Limited is a distributor of mobile and IT technology to the reseller community in both Australia and New Zealand.
Mercury Mobility Limited	- Mercury Mobility Limited is a mobile phone personalisation, entertainment and technology company, providing content to end users through relationships with leading telecommunications carriers and content providers.
GPG (No.7) Pty Limited	- GPG (No.7) Pty Limited purchased the manufacturing operations of the blended foods, cereals and snacks foods division of the previously ASX listed Green's Foods Limited.

The balance date of all the associated entities is 30 June 2007 and all were incorporated in Australia.

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 13: INVESTMENTS IN ASSOCIATED ENTITIES (Cont.)

Reconciliations:

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

	CVC Private Equity	CVC Reef Inv. Managers	Lauden CVC Property Trust	Ron Finemore Transport	CVC Trinity Property Fund	GPG (No.7)	Cellnet Group Limited	Mercury Mobility Limited	Winten (No.20)	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2007										
Balance at the start of the year	4,729,024	32,048	3,604,087	508,061	516,386	-	-	-	1,652,798	11,042,404
New interests acquired	1,144,414	-	-	300,000	5,805,431	12,455,055	1,961,495	3,656,979	-	25,323,374
Elimination of disposal profit from associated entity	-	-	-	-	(587,325)	-	-	-	-	(587,325)
Share of associates profits/(losses) before tax	155,074	(32,048)	22,636	(13,660)	9,699	2,051,260	(267,719)	(311,827)	9,047,571	10,660,986
Share of associates tax benefit	173,273	-	-	-	-	131,216	17,385	-	-	321,874
Share of associates reserves	995,951	-	-	-	-	-	-	-	-	995,951
Dividends received during the year	(171,144)	-	-	-	-	-	-	-	-	(171,144)
Interests disposed during the year	-	-	(3,626,723)	-	-	-	(3,656,979)	-	-	(7,283,702)
Reclassification of investments	-	-	-	-	-	-	11,811,932	-	(10,700,369)	1,111,563
Balance at the end of the year	7,026,592	-	-	794,401	5,744,191	14,637,531	9,866,114	3,345,152	-	41,413,981
Year ended 30 June 2006										
Balance at the start of the year	3,649,287	89,059	3,735,725	1,327,426	-	-	-	-	563,514	9,365,011
New interests acquired	690,207	-	69,300	-	516,750	-	-	-	-	1,276,257
Share of associates profits/ (losses) before tax	553,107	(44,691)	1,562	(819,365)	(364)	-	-	-	1,089,284	779,533
Share of associates tax expenses	(2,258)	(12,320)	-	-	-	-	-	-	-	(14,578)
Share of associates reserves	(74,539)	-	-	-	-	-	-	-	-	(74,539)
Dividends received during the year	(86,780)	-	-	-	-	-	-	-	-	(86,780)
Interests disposed during the year	-	-	(202,500)	-	-	-	-	-	-	(202,500)
Balance at the end of the year	4,729,024	32,048	3,604,087	508,061	516,386	-	-	-	1,652,798	11,042,404

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 14: PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment				
At cost	238,248	194,125	-	-
Accumulated depreciation	(192,627)	(174,701)	-	-
Total property, plant and equipment	45,621	19,424	-	-
Reconciliation				
Carrying amount at the beginning of the year	19,424	22,292	-	-
Additions	44,123	11,776	-	-
Depreciation	(17,926)	(14,644)	-	-
Carrying amount at the end of the year	45,621	19,424	-	-
NOTE 15: INVESTMENT PROPERTIES				
Investment properties				
At cost	2,833,994	2,833,994	-	-
Accumulated depreciation	(34,797)	(15,357)	-	-
Total investment properties	2,799,197	2,818,637	-	-
Reconciliation				
Carrying amount at the beginning of the year	2,818,637	-	-	-
Additions	-	2,833,994	-	-
Depreciation	(19,440)	(15,357)	-	-
Carrying amount at the end of the year	2,799,197	2,818,637	-	-

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 16: INTANGIBLE ASSETS				
Goodwill	7,625,384	7,721,104	-	-
Management agreements	1,170,000	1,170,000	-	-
Accumulated amortisation	(321,750)	(204,750)	-	-
Total management agreements	848,250	965,250	-	-
Total intangible assets	8,473,634	8,686,354	-	-
Reconciliations				
Goodwill				
Carrying amount at the beginning of the year	7,721,104	7,529,664	-	-
Arising on acquisitions of interests in controlled entities	-	191,440	-	-
Disposal on sale of interest in controlled entity	(95,720)	-	-	-
Carrying amount at the end of the year	7,625,384	7,721,104	-	-
Management agreements				
Carrying amount at the beginning of the year	965,250	1,082,250	-	-
Amortisation	(117,000)	(117,000)	-	-
Carrying amount at the end of the year	848,250	965,250	-	-

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 17: TRADE AND OTHER PAYABLES				
Current				
Trade and other payables	246,552	1,558,713	84,317	1,462,088
Loans from joint venture entities	90,000	75,000	90,000	75,000
Sundry creditors and accruals	839,428	428,986	110,796	148,567
Goods and services tax	33,253	83,175	7,324	-
Total current accounts payable	1,209,233	2,145,874	292,437	1,685,655
Non-Current				
Loan from controlled entities	-	-	76,035,366	54,551,380
NOTE 18: PROVISIONS				
Current				
Contingent consideration	-	163,950	-	163,950
Employee entitlements	187,623	160,035	-	-
	187,623	323,985	-	163,950

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 19: INTEREST BEARING LOANS AND BORROWINGS				
Non-Current				
Secured bank loan	2,113,032	2,113,032	-	-
Unsecured loans from associated companies	6,212,892	-	1,164,400	-
	8,325,924	2,113,032	1,164,400	-

Secured Bank Loan

This loan is secured by a first registered mortgage over industrial premises at 96 Fairfield Street, Fairfield.
The term of the facility is 10 years, maturing on 31 October 2015.

	The Company			
	Number	2007	Number	2006
		\$		\$
NOTE 20: CONTRIBUTED EQUITY				
Issued and paid-up ordinary share capital				
Balance at the beginning of the year	117,185,681	38,633,426	127,447,838	52,509,394
Shares issued during the year:				
- executive and non-executive long term incentive plan	2,079	3,000	200,800	1,000
- dividend reinvestment plan	381,567	703,705	1,134,399	1,575,503
- share placement	55,097,500	110,195,000	-	-
- cancellation of shares	-	-	(100,000)	-
- transaction cost of share placement	-	(3,955,214)	-	-
- tax benefit of transaction costs	-	1,186,564	-	-
Shares bought back on market	(953,117)	(1,395,712)	(11,497,356)	(15,452,471)
Balance at the end of the year	171,713,710	145,370,769	117,185,681	38,633,426

On 27 November 2006 the Company commenced 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 150,000 shares had been bought back under this scheme.

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 21: RETAINED PROFITS				
Retained profits at the beginning of the year	98,077,668	82,300,999	26,929,753	28,811,645
Net profit attributable to members of the parent company	30,757,945	23,305,106	13,085,816	5,646,545
Dividends	(15,633,523)	(7,528,437)	(15,633,523)	(7,528,437)
Retained profits at the end of the year	113,202,090	98,077,668	24,382,046	26,929,753
NOTE 22: MINORITY INTEREST				
Reconciliation of minority interest in controlled entities:				
Balance at the beginning of the year	174	169		
Share of net profit	53,653	5		
Created on partial sale of controlled entities	42,512	-		
Revaluation of investments	888	-		
Balance at the end of the year	97,227	174		
The minority interest at the end of the year comprises interests in:				
Share capital	658,717	7,506		
Asset revaluation reserve	888	-		
Accumulated losses	(562,378)	(7,332)		
	97,227	174		

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 23: OTHER RESERVES

Year ending 30 June 2007

	Asset Revaluation Reserve \$	Consolidated Employee Equity Benefit \$	Total \$	Asset Revaluation Reserve \$	The Company Employee Equity Benefit \$	Total \$
Reserves at the beginning of the year	30,478,801	216,055	30,694,856	40,532,918	180,784	40,713,702
Share based payments	-	117,912	117,912	-	117,912	117,912
Options expired	-	(3,345)	(3,345)	-	-	-
Net unrealised gain on "available-for-sale" investments	82,812,566	-	82,812,566	76,272,614	-	76,272,614
Net unrealised gain on "available-for-sale" investments – minority interest	(888)	-	(888)	-	-	-
Realised gain on "available-for-sale" investments reclassified to the income statement	(3,260,679)	-	(3,260,679)	(3,260,679)	-	(3,260,679)
Tax effect of net gain on "available-for-sale" investments	(23,865,563)	-	(23,865,563)	(21,903,580)	-	(21,903,580)
Reserves at the end of the year	86,164,237	330,622	86,494,859	91,641,273	298,696	91,939,969

Year ending 30 June 2006

Reserves at beginning of the year	20,301,127	106,827	20,407,954	25,667,832	71,556	25,739,388
Share based payments	-	109,228	109,228	-	109,228	109,228
Net unrealised gain on "available-for-sale" investments	22,251,917	-	22,251,917	21,008,645	-	21,008,645
Realised gain/(loss) on "available-for-sale" investments reclassified to the income statement	(7,712,384)	-	(7,712,384)	227,192	-	227,192
Tax effect of net gain on "available-for-sale" investments	(4,361,859)	-	(4,361,859)	(6,370,751)	-	(6,370,751)
Reserves at the end of the year	30,478,801	216,055	30,694,856	40,532,918	180,784	40,713,702

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of "available-for-sale" financial assets to the extent that they offset one another.

Employee Equity Benefit Reserve

The employee equity benefits reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration. The benefit provided is under the Long Term Employee Incentive Scheme and the share issues have been valued as though they were options based on the following assumptions:

- 3 year life
- Risk free interest rate of 6%
- Volatility factor of 10%
- A dividend yield of 3.5%

This gives a value per share granted of 11.5 cents. The figures above assume this cost is spread over thirty six months.

Notes to the Financial Statements

for the year ended
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NOTE 24: NOTES TO THE CASH FLOW STATEMENT

24.1 Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, 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 cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
Cash and cash equivalents	115,008,945	24,194,797	114,422,371	23,594,683
24.2 Reconciliation of Profit after Income Tax to Cash from Operating Activities				
Net Profit	30,811,598	23,305,111	13,085,816	5,646,545
Add/(less) non-cash items:				
Share of equity accounted profits	(10,965,632)	(791,305)	17,080	(26,350)
Depreciation and amortisation of property plant and equipment	37,366	30,001	-	-
Amortisation of intangibles	117,000	117,000	-	-
Impairment expenses on investments	432,706	730,899	1,489,233	671,181
Impairment recoveries	(1,330,036)	(1,694,436)	(2,260,380)	(2,160,085)
Profit on disposal of investments	(14,741,365)	(16,762,359)	(9,984,354)	(3,542,470)
Interest income not received	(3,740,665)	(2,889,628)	(3,078,558)	(3,427,577)
Interest expense not paid	585,078	-	128,496	-
Movement in current tax assets and liabilities	92,616	3,698,203	52,472	3,698,556
Movement in deferred tax assets and liabilities	592,219	2,022,206	1,233,152	1,353,326
Equity remuneration	120,911	110,228	117,912	110,228
Share option income	-	(166,494)	-	-
Changes in operating assets and liabilities:				
Trade and other receivables	(460,192)	(4,071,902)	36,600	(188,681)
Trade and other payables	(949,701)	617,830	(1,406,278)	1,085,445
Provisions	27,588	24,246	-	-
Other assets	20,111	17,329	35,405	35,285
Net cash (used in)/provided by operating activities	649,602	4,296,929	(533,404)	3,255,403

Notes to the Financial Statements

for the year ended
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	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 24: NOTES TO THE CASH FLOW STATEMENT (Cont.)				
24.3 Financing Facilities				
At 30 June 2007, CVC had access to the following specific lines of credit.				
Total facilities available:				
Secured bank loan	2,113,032	2,113,032	-	-
Bank facility	5,000,000	5,000,000	5,000,000	5,000,000
	7,113,032	7,113,032	5,000,000	5,000,000
Total facilities used:				
Secured bank loan	2,113,032	2,113,032	-	-
Bank facility	-	-	-	-
	2,113,032	2,113,032	-	-
NOTE 25: AUDITORS' REMUNERATION				
The auditor of the Company is HLB Mann Judd (NSW Partnership).				
Amounts received or due and receivable to Auditors of the Company:				
Audit or review of the financial report	90,000	79,500	77,500	73,000
Other services – CVC Sustainable Investments Limited capital raising	-	-	-	-
- assurance service	-	7,500	-	-
- tax opinion	-	1,000	-	-
	90,000	88,000	77,500	73,000
Amounts received or due and receivable by non HLB Mann Judd (NSW Partnership) audit firm:				
Audit or review of the financial report	-	15,750	-	-
Other services - Financial Services Licence audit	-	6,300	-	-
	-	22,050	-	-

The Auditors received no other benefits.

Notes to the Financial Statements

for the year ended
30 June 2007

	Consolidated		The Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
NOTE 26: COMMITMENTS AND CONTINGENCIES				
26.1 Operating Lease Commitments				
Non-cancellable operating lease expense commitments				
Future operating lease commitments not provided for in the financial statements and payable:				
- within one year	111,449	367,593	-	-
- later than one year but not later than five years	13,264	124,762	-	-
	124,713	492,355	-	-

26.2 Other Commitments

CVC Limited has made a commitment to provide subordinated loans of up to \$5 million to CVC Trinity Property Managers Limited to ensure that the company satisfies its Australian Financial Services Licence obligations at all times during the 2 years commencing 1 June 2007.

NOTE 27: OPERATIONS BY SEGMENTS

27.1 Primary Segments - Business Segments

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

Composition of each business segment is as follows:

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

27.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

Notes to the Financial Statements

for the year ended
30 June 2007

	Private Equity and Venture Capital	Listed Investments	Property	Funds Management	Unallocated Corporate and Tax	Eliminations	Consolidated
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
NOTE 27: OPERATIONS BY SEGMENTS (Cont.)							
Year Ended 30 June 2007							
Income							
Revenues from external customers	4,734	14,525	7,070	1,919	3,043	-	31,291
Inter-segment revenue	330	-	-	6,074	-	(6,404)	-
Operating revenues	5,064	14,525	7,070	7,993	3,043	(6,404)	31,291
Equity accounted income	2,185	(250)	9,063	(32)	-	-	10,966
Total income	7,249	14,275	16,133	7,961	3,043	(6,404)	42,257
Results							
Result before non-cash items	5,695	14,275	15,389	1,886	(7,177)	-	30,068
Impairment recoveries	1,330	-	-	-	-	-	1,330
Depreciation	-	-	(19)	(18)	-	-	(37)
Amortisation of intangibles	-	-	-	(117)	-	-	(117)
Impairment expenses	(170)	-	(263)	-	-	-	(433)
Segment result	6,855	14,275	15,107	1,751	(7,177)	-	30,811
Assets							
Segment assets excluding equity accounted investments	13,367	193,394	27,756	8,822	119,406	-	362,745
Equity accounted investments	22,461	13,211	5,840	-	-	-	41,512
Segment assets	35,828	206,605	33,596	8,822	119,406	-	404,257
Liabilities							
Segment liabilities	431	-	8,416	876	49,369	-	59,092

Notes to the Financial Statements

for the year ended
30 June 2007

	Private Equity and Venture Capital	Listed Investments	Property	Funds Management	Unallocated Corporate and Tax	Eliminations	Consolidated
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
NOTE 27: OPERATIONS BY SEGMENTS (Cont.)							
Year Ended 30 June 2006							
Income							
Revenues from external customers	3,158	22,025	5,667	1,262	2,167	-	34,279
Inter-segment revenue	549	-	-	4,459	-	(5,008)	-
Operating revenues	3,707	22,025	5,667	5,721	2,167	(5,008)	34,279
Equity accounted income	(269)	-	1,117	(57)	-	-	791
Total income	3,438	22,025	6,784	5,664	2,167	(5,008)	35,070
Results							
Result before non-cash items	2,890	22,025	6,784	1,109	(8,625)	-	24,183
Depreciation	-	-	(15)	(15)	-	-	(30)
Amortisation of intangibles	-	-	-	(117)	-	-	(117)
Impairment expenses	(731)	-	-	-	-	-	(731)
Segment result	2,159	22,025	6,769	977	(8,625)	-	23,305
Assets							
Segment assets excluding equity accounted investments	22,787	110,765	16,700	9,046	25,666	-	184,964
Equity accounted investments	5,239	-	5,887	32	-	-	11,158
Segment assets	28,026	110,765	22,587	9,078	25,666	-	196,122
Liabilities							
Segment liabilities	1,803	-	2,435	345	24,133	-	28,716

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 28: RELATED PARTY INFORMATION

28.1 Key Management Personnel

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

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

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

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

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

28.2 Loans to Key Management Personnel

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

28.3 Other Transactions

The following represent management fees paid and received from related parties to CVC and its controlled entities during the financial year.

	2007		2006	
	Paid \$	Received \$	Paid \$	Received \$
CVC Private Equity Limited	-	506,928	-	504,048
CVC Sustainable Investments Limited	-	207,530	-	152,560
CVC Sustainable Investments No. 2 Limited	-	40,042	-	-
Wenola Services Pty Limited *	200,000	-	200,000	-
Southseas Nominees Pty Limited **	100,000	-	100,000	-
Melbourne Corporation of Australia Pty Limited **	100,000	-	100,000	-
<i>Other services</i>				
Melbourne Corporation of Australia Pty Limited **				
- Taxation	127,612	-	110,182	-
- Secretarial	44,100	-	22,039	-

* Private company associated with Mr Leaver.

** Private companies associated with Mr Gould.

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 29: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

29.1 Interest Rate Risk

CVC's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Floating Interest Rate	Fixed Interest Rate Maturing in:			Non-Interest Bearing	Total	Weighted Average Interest Rate
		\$	1 Year or Less	1 to 5 Years	Over 5 Years	\$	\$	
At 30 June 2007								
Financial assets								
Cash and cash equivalents	24	4,367,559	109,540,886	-	-	1,100,500	115,008,945	6.4%
Trade and other receivables	8	-	4,157,751	19,846,836	-	4,859,126	28,863,713	16.0%
Financial liabilities								
Trade and other payables	17	-	-	-	-	1,209,233	1,209,233	0.0%
Interest bearing loans and borrowings	19	-	-	1,164,400	7,156,093	5,431	8,325,924	10.8%
At 30 June 2006								
Financial assets								
Cash and cash equivalents	24	2,217,403	21,930,567	-	-	46,827	24,194,797	5.9%
Trade and other receivables	8	-	12,592,460	3,237,368	-	5,392,463	21,222,291	14.4%
Financial liabilities								
Trade and other payables	17	-	-	-	-	2,145,874	2,145,874	0.0%
Interest bearing loans and borrowings	19	-	-	-	2,113,032	-	2,113,032	7.6%

29.2 Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of CVC which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

Collateral is obtained on longer-term receivables.

Notes to the Financial Statements

for the year ended
30 June 2007

NOTE 29: ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (Cont.)

29.3 Fair Value of Financial Assets and Liabilities

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. The carrying amounts of bank term deposits, accounts receivable, loans receivable accounts payable, dividends payable and employee entitlements approximate net fair value.

29.4 Price Risk

CVC is exposed to equity securities price risk. This arises from investments held by CVC and classified on the balance sheets as "available-for-sale". CVC is not exposed to commodity price risk.

	Consolidated		The Company	
	2007 \$	2006 \$	2007 \$	2006 \$
NOTE 30: EMPLOYEE ENTITLEMENTS				
Aggregate liability for employee entitlements including on-costs:				
Current	187,623	160,035	-	-
Non-current	-	-	-	-
Number of employees at year-end	12	9	-	-

NOTE 31: EVENTS SUBSEQUENT TO YEAR END

As at 20 August 2007 the ASX has experienced a significant decline since the end of the financial year with the ASX Small Ordinaries Index 10.4% lower than as at 30 June 2007. By way of comparison, CVC's Net Asset Value has decreased by 3.0% over the same period. On a daily basis the share market both increases and decreases in value. Considering the strategy of CVC is the long term investment in companies, this event is not expected to significantly affect the operations of CVC, the results of those operations, or the state of affairs of CVC, in future financial years.

Directors' Declaration

.....
for the year ended
30 June 2007

In the opinion of the Directors of CVC Limited:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with s.295A of the *Corporations Act 2001* for the financial period ending 30 June 2007.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the audited remuneration disclosures set out on pages 16 to 18 of the Directors' Report comply with Accounting Standards *AASB 124 Related Party Disclosures* and the Corporations Regulations 2001.

Dated at Sydney 21 August 2007.

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

ADH Beard
Director

VR Gould
Director

We have audited the accompanying financial report of CVC Limited ("the Company"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the Company and the CVC Limited Group ("the consolidated entity") as set out on pages 21 to 56. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard *AASB 124: Related Party Disclosures*, under the heading "remuneration report" in pages 16 to 18 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

In Note 1.2, the directors also state, in accordance with Accounting Standard *AASB 101: Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

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

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

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

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Limited on 21 August 2007, would be in the same terms if provided to the directors as at the date of this auditor's report.

Independent Auditors' Report

to the Members of
CVC Limited

AUDITOR'S OPINION ON THE FINANCIAL REPORT

In our opinion:

- (a) the financial report of CVC Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.2.

AUDITOR'S OPINION ON THE AASB 124 DISCLOSURES CONTAINED IN THE DIRECTORS' REPORT

In our opinion the remuneration disclosures that are contained in pages 16 to 18 of the directors' report comply with Accounting Standard *AASB 124*.

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

MD Muller
Partner

Sydney 2007

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Corporate Governance Statement

The Board of Directors of the Company is responsible for the corporate governance of CVC. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. At the date of this report the Directors in office are as follows:

Vanda Russell Gould (Chairman)

Appointed 31 October 1996. Also a Director from 1984 to 1994

Alexander Damien Harry Beard (Chief Executive Officer)

Appointed 17 August 2000, member of the audit committee

John Scott Leaver

Appointed 29 May 1984

John Douglas Read

Appointed 20 March 1989, member of the audit committee

John Thomas Riedl (Independent Director)

Appointed 27 November 2002, member of the audit committee

Details of skills, experience and other qualifications of Directors and of numbers and attendances of Board and audit committee meetings are included in the Directors' report.

In March 2003, the ASX Corporate Governance Council issued "Principles of Good Corporate Governance and Best Practice Recommendations". In this report, the Council suggested "best practices" for running companies. However, it acknowledged that "a one size fits all" approach is inappropriate and that it is unwise to require all companies to apply the same rules because 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. Instead the Council chose to issue a full suite of recommendations and require companies to adopt an 'if not why not' approach to reporting compliance with the recommendations. Companies are at liberty to determine whether each recommendation is appropriate to them. They are required to disclose in the Corporate Governance Statement of their annual reports those recommendations which they have not adopted during each reporting period and provide explanations for their decisions.

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2007, in particular those discussed in detail below:

Board Composition and Directors' Experience

Mr Gould is Chairman of the Company. Given his stewardship over almost the whole of the life and the growth of the Company, the Board believes Mr Gould remains an appropriate Chairman for the Company.

The Board of the Company comprises five Directors. Messrs Gould and Leaver are the founding Directors of the Company, have significant ownership interests in the Company and bring invaluable experience and expertise to the Company. Mr Beard is the Chief Executive Officer. Mr Read is chairman of the audit committee, but because he has been on the Board of the Company for more than fifteen years, he is not considered independent. Accordingly, only Mr Riedl is considered to be an independent Director.

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

For these reasons, the Company did not adopt the following best practice recommendations throughout the financial year ended 30 June 2007:

- > having a majority of independent Directors;
- > having an independent Chairman;
- > having an audit committee with an independent chairman, a majority of independent Directors or non-executive Directors;
- > having a nomination committee of the Board; and
- > having a remuneration committee of the Board.

Costs and Benefits of Compliance

A number of the best practice 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 would have had minimal additional benefit but substantial additional expense. The Company is also mindful to not adopt such procedures solely for the sake of adoption or where they could actually inhibit the proper function or opportunities of the Company. However, as the Company holds an AFS licence, it recognises that it has to put in place a compliance program which includes the documentation of its compliance policies and procedures and a

Corporate Governance Statement

Risk Management Statement which considers the major risks to the Company's operations, the rating and ranking of these risks to set priorities in the treatment of the risks.

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 in the process of preparing such documentation for consideration by the Board before dissemination through the CVC group of companies. The Company is currently considering the adoption of the following best practice recommendations, some of which have already been documented for a company related to the Company:

- > a formal policy for trading in the Company's securities;
- > a formal charter for the audit committee of the Company;
- > written policies and procedures to ensure compliance with ASX listing rules disclosure requirements;
- > a process for performance evaluation of the Board, its committees and individual Directors; and
- > a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

Other Information

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

The Company did not perform a performance evaluation of the Board and its members during the year ended 30 June 2007.

Remuneration of non-executive Directors is in accordance with resolutions of shareholders in the general meeting. The Company does not have any schemes for retirement benefits, other than statutory superannuation for non-executive Directors.

Dated at Sydney 21 August 2007.

Additional Information

The following information was current as at 31 July 2007.

Distribution schedule

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

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	143
1,001 - 5,000	715
5,001 - 10,000	424
10,001 - 100,000	566
100,001 - over	111
Total	1,959

Unmarketable parcels	Minimum parcel size	Number of shareholders
Minimum \$500.00 parcel at \$1.965 per share	254	17

20 largest shareholders - ordinary shares

As at 31 July 2007, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Leagou Pty Limited	20,704,611	12.06
Penalton Pty Limited	15,575,978	9.07
Southsea (Aust.) Pty Limited	13,346,138	7.77
Abasus Investments Limited	7,166,408	4.17
Southgate Investment Funds Limited	5,500,000	3.20
RBC Dexia Investor Services Australia Nominees Pty Limited	5,382,453	3.13
Derin Brothers Properties Limited	4,899,259	2.85
National Nominees Limited	4,503,679	2.62
Huang Xiao Sheung Limited	4,264,368	2.48
LJK Nominees Pty Limited	4,132,114	2.41
ANZ Nominees Pty Limited	3,713,964	2.16
Chemical Trustee Limited	3,566,556	2.08
Invia Custodian Pty Limited	3,380,000	1.97
Seymour Group Pty Limited	3,256,057	1.90
UBS Nominees Pty Limited	2,877,702	1.68
Cogent Nominees Pty Limited	2,849,487	1.66
Equity Trustees Limited	2,500,000	1.46
Dr Joseph David Ross	2,359,356	1.37
Mr Alexander Damien Beard	2,293,136	1.34
Fadmoor Pty Limited	2,000,000	1.16
	114,271,266	66.54

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.

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
Penalton Pty Limited	15,575,978
Southsea (Aust.) Pty Limited	13,346,138

Registered Office

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



CVC Limited

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