

Company Particulars

CVC Limited — ABN 34 002 700 361 AFSL 239665

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registered office

Level 42, 259 George Street, Sydney NSW 2000

directors

Vanda Gould — John Leaver — John Read — Alexander Beard

management team

Vanda Gould — John Leaver — Christine Shean — Alexander Beard
 John Read — Elliott Kaplan — John Hunter — William Highland
 Michael Bower — Jo Hume — Mark Avery — Ivy Liao — Tony McLennan
 Joanna Jiang — Karen Wang — Louise Macklin

secretaries

Alexander Beard — John Hunter

bankers

Suncorp-Metway Limited — Westpac Banking Corporation Limited

auditors

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

share registry

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

CVC Limited

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www.cvc.com.au
 ABN 34 002 700 361 AFSL 239665

Chairman's Report

for the year ended — thirty june 2011

“Persistence and determination alone are omnipotent.”

dear shareholders

We chose the Chinese Proverb “*Talk Does Not Cook Rice*” as the cover of the 2011 Annual Report as it elegantly encapsulates the problems with the current Australian political malaise, the attributes required to make growing businesses successful and, above all, CVC’s approach to business.

In our view Australia has squandered a generational opportunity to embark on nation building programs and reforms and has instead lost its way pandering to minority interests and failing to develop a vision for the future that will enhance the standard of living for all Australians. Perhaps this is most clearly seen in the debate over carbon dioxide which is 97% caused naturally and Australia’s contribution to the remaining 3% of the world’s output is statistically insignificant. That is not to say that there are not legitimate moral questions, but in the context of enhancing the well-being of all Australians, it is hardly the major issue.

The great tragedy of the view that environmental concerns are Australia’s number one priority is that it is fundamentally untrue. No one can read the report of Professor Patrick Parkinson (former Chair of the Federal Government’s Family Law Council), *For Kids’ Sake*, recently published by the University of Sydney, to realise that there are fundamental problems with our society that surely must have a higher priority than environmental concerns. The fact that more than 26% of Australian children are suffering from mental health problems is deeply alarming. Overall, as has been observed by R A Collingwood: *materialism has the characteristic of ‘writing itself a large cheque on income it had not yet received’*.

In the small-medium enterprise investment universe in which CVC focuses we regularly experience the “talk is cheap” syndrome – companies talk up their prospects and strategies – but in the majority of instances this talk is shallow. Our best investments have always been with managers and companies where the entrepreneur and his team just get on with doing their business, and do it with excellence. As George Bernard Shaw put it: *Some men see things as they are and say ‘why?’ I dream things that never were and say ‘why not?’*. This is the type of entrepreneurial spirit we desperately need in Australia.

Excellent business leaders are stimulated by the obstacles placed in front of them and they either find a way to get around them or they navigate through the issue. Likewise they don’t summon committees and focus groups to help them devise strategy – they just instinctively know the way forward. As US President Calvin Coolidge said: *Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated failures. Persistence and determination alone are omnipotent.*

The Psalmist qualifies this a little when he writes: *Human beings who have wealth but lack understanding are like the beasts that perish.* [Psalm 49:20]

CVC is fortunate to be invested alongside a number of outstanding business leaders, and our results in 2011 and beyond will reflect their efforts.

Investment opportunities for CVC often come as a result of incompetent management

teams who have over-sold their abilities, over-promised, built up excessive levels of debt and overhead and lost their way, destroying shareholder value. CVC is then provided with a catalyst to either buy-out disgruntled institutional shareholders or to structure a refinancing and embark upon a process of restoring value and bridging the gap between price and value.

The year has been one of challenges, and the majority of our profit can be attributed to either direct investments, or from development finance provided to seasoned property developers. We believe our current property focus will continue to be the case for the near future, as post GFC banks have created far more stringent credit controls, leaving a hole in the funding capacity of many experienced developers, enabling CVC to achieve benchmark returns without a commensurate increase in risk.

We have often been criticised for having an eclectic portfolio; however, in the current environment of uncertainty and a “two speed economy”, we believe this diversity has allowed us to achieve acceptable returns. Whilst some sectors of the economy are clearly “doing it tough” – housing and retail in particular – others, including resources and those serving the resource boom, are doing well. CVC has benefitted from having exposure to both the commodity and service side of the resource sector, and our 2011 result has profited from a number of these specific investments.

During the year we made a number of new investments, the most meaningful being an increased holding in property developer Villa World Limited, financing of a number of residential developments in South East

As George Bernard Shaw put it:
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and say ‘why?’ I dream things that
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Queensland, a 10% stake in waste processor DoloMatrix International Limited, and an investment in drug developer Bionomics Limited. We are optimistic that each of these investments will contribute significantly to our results over the coming years.

Most pleasing during the year is the progress made in almost all of our longer term investments, including Ron Finemore Transport, Concise Asset Management, Greens Foods, Cellnet, Pro-Pac, Cyclopharm and Vita Health. Companies do not run themselves – people do – and we are fortunate with each of these companies to have found quality management teams with integrity and alignment of interests to our own. Each of these companies encountered challenges during the year, but overcame them and continued on a trajectory of profitable growth.

CVC remains in a great position with a strong balance sheet at the end of the financial year, further strengthened by the current sale of our investment in Pro-Pac and one of our investment properties. We look forward to what will continue to be a challenging investment environment in 2012, but with the balance sheet strength to take advantage of opportunities as they arise.

We plan to continue paying dividends at current levels for the foreseeable future. It is likely that we will continue to buy-back shares because at current depressed levels we are significantly building the asset backing for all continuing shareholders. Whilst we live in very volatile and uncertain economic times, these are actually the best of times for a business like CVC because of the opportunities created in the financial turmoil. And yet we are conscious of the truth of Lord Keynes’ dictum: *In a crisis markets can remain irrational longer than you can remain solvent.*

John Leaver and I would particularly like to place on record our gratitude to Sandy Beard who has led the CVC team with integrity and skill. We would also like to thank all our staff, investee companies and stakeholders for their contribution in 2011 and look forward to 2012.

Vanda Gould
October 2011

The Year in Review

first july 2010 — thirty june 2011

overview

During 2011 CVC capitalised on the void in capital markets created by the continuing tighter lending requirements of major financial institutions as a result of the on-going global financial crisis. As major financial institutions have been focused on reducing their exposures, especially to the Australian property market due to its higher perceived inherent risks relative to other asset classes, CVC has been presented with a greater volume of high quality investment opportunities at high rates of return.

Over the last 12 months CVC focused on: expanding its mezzanine loan portfolio; and participating in a number of aggressively discounted capital raisings undertaken by Australian companies to repair their balance sheets.

During the financial year CVC redirected a portion of its ASX listed investment portfolio, realising a number of investments that have experienced significant price appreciation and acquiring investments in high quality companies that experienced negative sentiment. This included acquiring a 14.3% shareholding in Villa World Group, a residential property developer with projects in Queensland and Victoria and reducing our ownership in Resource Generation Limited, a minerals resource company focused on the development of a coal mine in South Africa.

The second phase of the global financial crisis that commenced in April 2011 has seen the share price of some of CVC's long term

investments fall below their intrinsic value, with a significant impact on CVC's current financial year's results. Accounting standards require an impairment charge to be raised against certain investments. This is similar to the first phase of the global financial crisis in 2008, even though the intrinsic value of many companies has risen and is now far greater than the share price at 30 June 2011.

Subsequent to the end of the financial year, CVC sold its long term investment in Pro-Pac Packaging Limited. This will contribute an operating profit of approximately \$8.9 million for the 2012 fiscal year. Additionally, CVC Property Fund has entered into an agreement to sell its property at Knoxfield Victoria at a price of \$31.5 million which when completed will generate a profit of \$2.5 million.

Highlights of the year include:

- ✱ Acquisition of a number of stakes in ASX listed companies including an \$8.5 million investment in Villa World Group, a \$3.2 million investment in DoloMatrix International Limited, and participation in numerous rights issues at favourably discounted prices.
- ✱ The sale of the investment in Pro-Pac Packaging Limited subsequent to year end for \$18.0 million with a profit for the 2012 financial year of \$8.9 million.
- ✱ The sale of Lot 1, 1464 Ferntree Gully Road Knoxfield Victoria for \$11.4 million generating a profit of \$3.0 million.

- ✱ Execution of a sale agreement subsequent to year end for Unit 2, 1464 Ferntree Gully Road Knoxfield Victoria at a price of \$31.5 million which once completed will generate a profit of \$2.5 million.
- ✱ The continued restoration of value from investments that were impacted by the volatility being experienced by global financial markets.
- ✱ Continued improvement of the profitability of major investees including Greens Foods and Ron Finemore Transport.
- ✱ Further development of Concise Asset Management with an increase in Funds Under Management to approximately \$550 million.
- ✱ Net tangible assets per share increased during the financial year to \$1.26.
- ✱ Buy-back of an additional 5.3 million CVC shares at a cost of \$4.7 million at an average price of \$0.89, being a substantial discount to Net Tangible Asset backing.
- ✱ Fully franked dividend of 2 cents per share paid on March 21, 2011 and 3 cents per share paid on September 9, 2011.
- ✱ Identification of a number of new investment opportunities.

management team

During the year the management team has been able to source high quality investment opportunities that achieve rates of return and risk profiles consistent with the 2010 year. Supplementing the management team with new recruits during the year has allowed CVC to source, review and undertake a greater number of transactions, improve diversification, reduce the investment term and increase returns whilst reducing overall portfolio risk.

CVC's representation on the board of directors of investee companies also increased, with Sandy Beard being appointed a director of Villa World Group and Elliott Kaplan a director of DoloMatrix International Limited. These appointments support CVC's objective of enhanced returns from its investees.

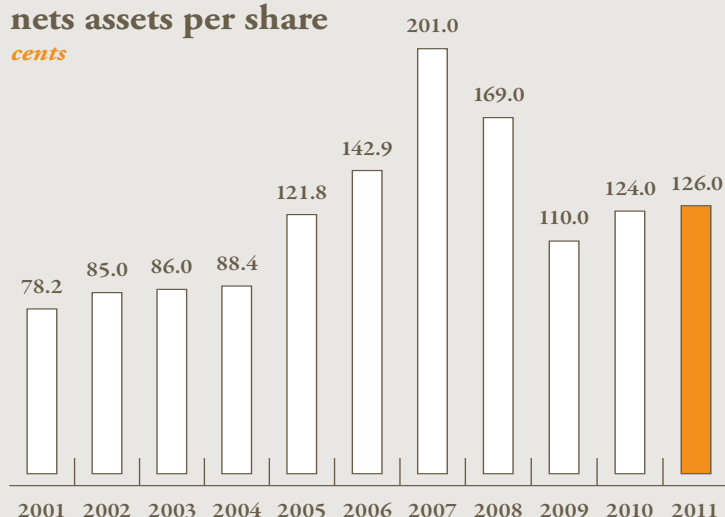
Our daily interaction with investee companies continues to introduce us to new investment opportunities and managers who will likely play a key role in the future development of CVC.

Skills of the management team include:

- ✧ Sourcing, selection, and structuring of investment opportunities;
- ✧ Operational management of investee companies, including strategy and corporate advisory, board positions on investee companies including Chairmanship where appropriate;
- ✧ Corporate advisory skills, including underwriting of placements and general offers;

net assets per share

cents



group summary

	2011	2010
Earnings per Share	7.86 cents	14.67 cents
Total Assets Employed	\$221.2M	\$224.8 M
Shareholders Equity	\$159.8M	\$164.8 M
Return on Shareholders Equity*	4.0%	11.75%
Shares on Issue at Year End	127,088,001	132,360,618
Net Assets per Share Attributable to Shareholders	\$1.26	\$1.24
Dividends per Share	5.0 cents	5.0 cents

*Includes movements in reserves and profit or loss for the year.

The Year in Review

first july 2010 — thirty june 2011

- ✱ 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 and investment turn-arounds;
- ✱ Project financing and property development capabilities, including structuring, joint ventures, feasibility and mezzanine financing;
- ✱ Financial product development and distribution;
- ✱ Availability and access to government grants;
- ✱ Advice/implementation of internal control procedures, management information systems, monthly reporting procedures and statutory reports;
- ✱ Development of distribution networks, licensing of technology, patent and advice on portfolio/intellectual property protection, and export market penetration;
- ✱ Specialist investment skills in environmental industries, with a depth of expertise in low emission and cleaner technologies; and
- ✱ Long term investment performance.

approach

CVC's investment portfolio is structured for a balance of capital growth and income producing assets, with a particular emphasis on private equity investments. In addition, the asset mix has historically included and will continue to include a core portfolio of ASX-listed securities managed for a return, mezzanine lending to property backed investments including direct property

holdings, strategic long-term investments (both listed and unlisted) that are largely equity accounted, income producing finance activities and funds management initiatives.

The inherent nature of private equity investment is that the opportunity to realise substantial returns is accompanied by factors largely beyond the control of the investment manager, including the recent volatility in 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, dividend history, competitive market positioning and arbitrage opportunities. In all investments assessed, CVC looks for an ability to add value to the investment to maximise potential investment returns, (i.e. through restructuring an under-performing company or obtaining development approvals or new tenants for a real estate transaction or in an ability to assist with synergistic business acquisitions in small emerging companies).

Most importantly, CVC is focussed on the integrity and competence of investee management teams, with our analysis of new investment opportunities involving an assessment of the track record and potential of the individuals within a targeted company, existing corporate governance measures and internal operational and financial controls in place.

Sound investment decisions require a thorough methodology and the time necessary to identify, target, negotiate, conduct due diligence and structure a potential investment 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 (with investment exits often made by way of a trade sale, initial public offering or on-market sell down).

dividend policy

During the year, CVC paid a fully franked dividend of 2 cents per share on March 21, 2011 and 3 cents per share on September 9, 2011. Our continued emphasis on developing recurring profit streams reflects our objective to pay dividends into the future. Subject to available franking credits, dividends are expected to be 100% franked.

capital management

CVC will continue to periodically purchase shares under its 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. Throughout the 2011 financial year 5.3 million shares were purchased under the company's buy-back with a further 3.5 million shares purchased since the end of the financial year.

corporate governance

CVC continues to review its corporate governance initiatives in accordance with the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council on an on-going basis. Further information on CVC's corporate governance is provided in the corporate governance statement.

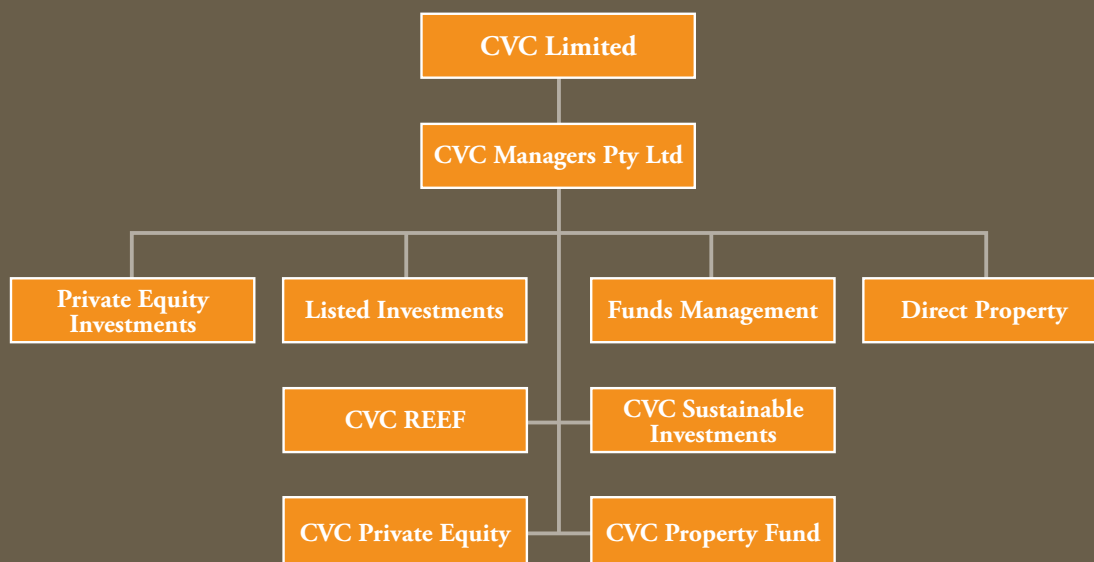
outlook and growth

As outlined above, CVC expects to be able to capitalise on its strong financial position to undertake quality investments in a volatile investment market. The quality of investments under active considerations by CVC has improved significantly, and with cash holdings at 30 June 2011 in excess of \$18.0 million, the Group is well placed to capitalise on these opportunities during 2012.

Nothing in this world can take the place of persistence. *Talent will not*; nothing is more common than unsuccessful men with talent. *Genius will not*; unrewarded genius is almost a proverb. *Education will not*; the world is full of educated failures.

Persistence and determination alone
are omnipotent.

Company Structure



The Year in Review

first july 2010 — thirty june 2011

We are of the view that financial markets will continue to experience significant volatility throughout at least the first half of the 2012/13 financial year. As a result we expect equity markets will continue to experience significant volatility and debt will continue to be difficult to source. We are of the opinion that there will continue to be opportunities available in both the equity and debt markets. We are increasingly reviewing opportunities from companies seeking capital to develop and expand their operations, that have experienced difficulties raising funding from either debt or equity markets.

The 2012 year will likely see the following developments:

property

CVC has implemented tighter lending requirements including higher security hurdles and higher rates of return to compensate for anticipated volatility in this sector. We expect that direct and indirect property investment will continue to contribute a large proportion of current returns to CVC. We are forecasting more opportunities in residential property than commercial and industrial property.

In the coming year CVC will:

- ✧ Seek to realise a number of its direct property investments that have lower rates of return and redirect the proceeds into higher yielding investment opportunities;
- ✧ Continue to provide mezzanine finance to appropriate projects and developers at rates of return and terms consistent with those achieved during 2011; and
- ✧ Develop a sustainable growth strategy for the CVC Property Fund (ASX:CJT).

private equity/ venture capital

- ✧ Expansion of Ron Finemore Transport Pty Limited and its transport activities;
- ✧ Continued development of Greens Foods and its food processing activities with the objective of commencing capital returns;
- ✧ Identify new investment opportunities that meet CVC's investment criteria and realise investments within the portfolio, as appropriate;
- ✧ Restructure the operations of CVC Sustainable Investments;
- ✧ Undertake "bridging" finance and other high yielding alternative investment opportunities; and
- ✧ Invest in pre-IPO companies with sound fundamentals and work with them to achieve a market listing.

listed investments

- ✧ Continued strategic holdings in Cellnet Limited, Villa World Group, Amadeus Energy Limited, DoloMatrix International Limited, Silver Bird Group Bhd, Vita Life Sciences Limited and Cyclopharm Limited. CVC will derive income from these strategic listed investments, including dividend income, equity accounted income, and where appropriate profits from realisations, directors and advisory fees and underwriting fees;
- ✧ Active management of key strategic investments via assistance with both acquisitive and organic growth and operational and financial restructuring, where appropriate; and
- ✧ Identification of other strategic investments in which CVC can acquire significant and meaningful stakes to complement existing major holdings and contribute a source of dividends and capital growth.

funds management

- ✧ Restore CVC Property Fund (ASX:CJT) with the key objective of returning the fund to positive operating cash flow and profitability; and
- ✧ Develop emerging Australian Mid-Cap Equities Manager, Concise Asset Management.

investee companies

The significant long term investments held by CVC include the following:

Investee Company	Ownership of Company
Cellnet Group Limited	46.5%
Cyclopharm Limited	19.5%
DoloMatrix International Limited	10.1%
Green's General Foods Pty Limited	27.5%
Ron Finemore Transport Pty Limited	50.0%
Silver Bird Group BHD	9.1%
Villa World Group	14.3%
Vita Life Sciences Limited	13.9%

The Financial Report

for the year ended — thirty june 2011

The Directors' Report

for the year ended ➡ thirty june 2011

Your Directors present the Financial Report of CVC Limited (the "Company") and its controlled entities ("CVC"), for the year ended 30 June 2011 together with the Auditors' Report thereon.

Directors

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

Vanda Russell Gould (Chairman)

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

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

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

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

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

John Scott Leaver (Non-Executive Director)

B.Ec. (Uni. of Sydney)

Australian Financial Services Licence holder.

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

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

John Douglas Read (Non-Executive Director)

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

Fellow of the Australian Institute of Company Directors.

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

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

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

Company Secretaries

John Andrew Hunter

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

Member of the Institute of Chartered Accountants in Australia.

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

Directors' Meetings

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

	Directors' Meetings	
	No. of meetings attended	No. of meetings eligible to attend
Vanda Russell Gould	4	4
John Scott Leaver	3	4
John Douglas Read	4	4
Alexander Damien Harry Beard	4	4

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

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

Directors' Interests

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

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

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

Overview of Activities

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

Consolidated Results

The Directors of CVC wish to announce that the financial performance for the 2011 financial year is as follows:

- * Profit before tax of \$15.2 million (2010: \$24.7 million);
- * Net profit after tax of \$11.4 million (2010: \$19.7 million); and
- * Earnings per share of 8 cents (2010: 15 cents); and
- * Impairment recoveries of \$3.7 million (2010: \$12.9 million) and impairment charge of \$8.5 million (2010: \$8.9 million).

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

	2011 \$	2010 \$
Net profit after income tax	11,404,880	19,693,983
Non-controlling interests	(1,176,386)	420,319
Net profit after income tax attributable to members	10,228,494	20,114,302

Dividends

A final dividend in respect of the year ended 30 June 2011 of 3 cents per share was declared on 22 August 2011 to be paid on 9 September 2011 to those shareholders registered on 2 September 2011. An interim dividend of 2 cents per share amounting \$2,560,613 was paid on 21 March 2011.

A final dividend in respect of the year entered 30 June 2010 of 3 cents per share amounting to \$3,955,839 was paid on 8 September 2010. An interim dividend of 2 cents per share amounting to \$2,716,612 was paid on 19 March 2010.

Principal Activities

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

- * the provision of investment, development and venture capital;
- * property finance and development;

- * investment in listed entities; and
- * funds management.

Review of Operations

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

CVC has cash holdings of \$18 million (equivalent to 14.1 cents per share) and is well placed to pursue investment opportunities as and when they emerge.

Listed Investments:

CVC sold a number of listed investments during the year realising profits of approximately \$3 million, however the softening of the market in the last two months of the financial year necessitated the company booking impairment charges against a number of investments held at year end, resulting in a final contribution of listed investments to the operating profit of \$0.2 million.

During the year CVC acquired significant new holdings in a number of listed investments including Villa World Group, which we believe will be a strong performer in the medium to long term.

Subsequent to the end of the financial year, CVC entered into an agreement to sell its investment in Pro-Pac Packaging Limited, subject to ACCC and shareholder approval, which if concluded will result in a pre-tax profit of approximately \$8.9 million in the 2012 financial year.

Private Equity:

The core private equity investments held by CVC include Ron Finemore Transport Pty Limited and GPG (No. 7) Pty Limited (formerly Green's Foods Limited), as well as a number of other smaller investments.

GPG (No. 7) Pty Limited has manufacturing operations of blended foods, cereals and snack foods that are distributed through supermarkets. The company has continued to improve its operations over the past year in particular with regards to reducing operating costs and increasing manufacturing efficiencies.

Ron Finemore Transport Pty Limited continues to achieve strong growth in both revenue and operating profit and is well placed for continued growth in 2012.

Property:

Property investments, and in particular mezzanine lending to property development, dominated the contribution to group earnings during the year, and is likely to be a significant contributor again in 2012.

During the year the contribution of property to the operating profit was \$12.9 million, representing a return on average net assets employed of 22%. This included the full year contribution from the rental property portfolio of \$3.0 million and the sale of a development site at 1464 Ferntree Gully Road, Knoxfield Victoria generating a profit of \$3.0 million.

CVC continues to hold a number of mezzanine finance facilities which provided a contribution to profit of \$6.9 million. CVC provided additional net funding of \$11.2 million during the year at attractive rates of return to residential property developments, with \$37.3 million in facilities outstanding at the end of the year.

Funds Management:

CVC continues to focus on the development and profitability of the funds management segment which includes the investment in Concise Asset Management, a fund manager focused on mid-cap Australian listed

The Directors' Report

for the year ended ➔ thirty june 2011

companies and CVC Sustainable Investments, CVC Property Fund and CVC Private Equity Limited.

State of Affairs

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

Likely Developments

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

Environmental Regulation

CVC's operations are not subject to environmental regulations.

Events Subsequent to Balance Date

A final dividend in respect of the year ended 30 June 2011 of 3 cents per share was declared on 22 August 2011 to be paid on 9 September 2011 to those shareholders registered on 2 September 2011.

Since the end of the financial year, a conditional agreement was reached to sell CVC's investment in Pro-Pac Packaging Limited at a price of 45 cents per share subject to the successful completion of the transaction which will achieve a pre-tax profit of \$8.9 million.

As at 25 August 2011 the Australian Stock Exchange has experienced a decline since the end of the financial year with the ASX Small Ordinaries Index 4.7% lower than as at 30 June 2011. By way of comparison CVC's Net Assets has decreased by 2.1% 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.

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

Share Options

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

Indemnification and Insurance of Officers and Auditors

a) Indemnification

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

b) Insurance premiums

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

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

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

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 5 million shares can be issued under the plan.

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

Individual remuneration disclosures:

The remuneration paid by the Company during the financial year is Directors' fees paid to Messrs Gould, Leaver and Read. All other remuneration disclosed relate to the consolidated group.

Remuneration of key management personnel:

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

Remuneration of Directors for the year ended 30 June 2011

		Short-term employee benefits		Post – employ't benefits	Other	Total	Base % (b)
		Base Salary	STI Bonus (c)	Superannuation			
		Fees					
ADH Beard	2011	\$296,290	\$150,000	\$25,000	\$3,638	\$474,928	68%
(Director)	2010	\$229,357	\$20,000	\$20,642	\$3,375	\$273,374	93%
VR Gould (a)	2011	\$275,000	-	\$24,754	\$3,638	\$303,392	100%
(Chairperson and Executive Director)	2010	\$200,000	-	-	-	\$200,000	100%
JS Leaver (a)	2011	\$275,000	-	\$24,754	\$3,638	303,392	100%
(Executive Director)	2010	\$200,000	-	-	-	\$200,000	100%
JD Read	2011	-	-	\$25,000	-	\$25,000	100%
(Non-Executive Director)	2010	-	-	\$25,000	-	\$25,000	100%
	2011	\$846,290	\$150,000	99,508	\$10,914	\$1,106,712	
	2010	\$629,357	\$20,000	\$45,642	\$3,375	\$698,374	

Notes:

- (a) CVC paid management fees of \$200,000 each to entities associated with Messrs Gould and Leaver in 2010 that covers the cost of their services. During 2011 fees were paid directly to Messrs Gould and Leaver.
- (b) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- (c) The Short Term Incentive Bonus paid to Mr. Beard represents a discretionary bonus as determined by the Directors of CVC, based on his performance during the year.

Auditor Independence and Non-Audit Services

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

Auditor's Independence Declaration to the Directors of CVC Limited

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd is included on page 14.

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

Dated at Sydney 26 August 2011.

Vanda Gould
Director

Alexander Beard
Director

Auditor's Independence Declaration

for the year ended ➡ thirty june 2011

To the Directors of CVC Limited

As lead auditor for the audit of CVC Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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

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

Dated at Sydney 26 August 2011.

P B Meade
Partner

HLB Mann Judd
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Financial Performance

for the year ended → thirty june 2011

	Notes	2011 \$	2010 \$
Income			
Revenue from services		957,416	435,235
Rental income		6,088,016	2,959,622
Outgoings recovered		830,791	417,421
Net gain on sale of equity investments		4,225,860	16,800,233
Net gain on sale of investment property		2,957,546	-
Interest revenue		8,646,978	4,690,075
Dividend revenue		1,754,055	874,090
Recovery of investment in unrelated entity		-	2,433,535
Recovery of investments in associated entities		1,667,256	6,289,526
Recovery of loans in related entities		62,018	-
Recovery of loans in unrelated entities		1,982,732	4,206,776
Other income		1,258,041	217,638
Total income	4	30,430,709	39,324,151
Share of net profits/(losses) of associates accounted for using the equity method	13	4,810,252	3,271,146
Expenses			
Depreciation expense		14,039	18,410
Employee expenses		2,430,375	1,471,179
Finance costs	5	4,045,530	4,095,899
Impairment of listed investments		30,000	-
Impairment of investments in associated entities		4,209,741	1,229,356
Impairment of investments in related entities		2,383,362	-
Impairment of loans to other corporations		-	25,226
Impairment of loans to related entities		231,953	2,779,583
Impairment of investment properties		1,688,650	4,646,570
Impairment of unlisted investments		687	195,711
Investment property-related expenses		805,126	413,852
Management and consultancy fees		857,620	541,727
Net realised foreign exchange loss		5,541	12,434
Net unrealised foreign exchange loss		681,233	-
Operating lease rental		427,214	400,425
Other expenses	5	2,205,780	2,052,457
Profit before related income tax expense		15,224,110	24,712,468
Income tax expense	6	3,819,230	5,018,485
Net profit		11,404,880	19,693,983
Net profit/(loss) attributable to non-controlling interest	21	1,176,386	(420,319)
Net profit attributable to members of the parent entity		10,228,494	20,114,302
Basic and diluted earnings per share	7	0.0786	0.1467

The above statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 21 to 53.

Consolidated Statement of Comprehensive Income

for the year ended ➡ thirty june 2011

	Notes	2011 \$	2010 \$
Profit/(loss) for the year		11,404,880	19,693,983
Other comprehensive income			
“Available-for-sale” investments:			
✱ Decrease in fair values recognised in other reserves		(3,562,832)	(1,262,426)
✱ Amounts transferred from other reserves to income on sale		(704,393)	(4,697,124)
✱ Income tax on fair value movements taken to or from other reserves		-	2,895,700
Value of associates asset revaluation reserve recognised in other reserves		(279,835)	273,070
Value of associates foreign currency translation reserve recognised in other reserves		48,150	812
Other comprehensive income for the year, net of tax		(4,498,910)	(2,789,968)
Total comprehensive income for the year		6,905,970	16,904,015
Attributable to:			
Shareholders		6,061,858	16,798,389
Non-controlling interest		844,112	105,626
		6,905,970	16,904,015

The above statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 21 to 53.

Consolidated Statement of Financial Position

for the year ended — thirty june 2011

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	23	17,974,188	40,796,600
Loans and other receivables	9	25,839,889	20,567,237
Financial assets – “available-for-sale”	10	700,000	-
Current tax assets	6	17,887	518,246
Other assets	11	413,310	317,872
Total current assets		44,945,274	62,199,955
Non-current assets			
Loans and other receivables	9	13,686,134	1,821,330
Financial assets – “available-for-sale”	10	47,035,043	39,707,651
Investments accounted for using the equity method	12	40,536,529	37,666,238
Property, plant and equipment	14	17,832	25,714
Investment properties	15	74,949,158	83,415,653
Total non-current assets		176,224,696	162,636,586
Total assets		221,169,970	224,836,541
Current liabilities			
Trade and other payables	16	5,150,622	1,901,008
Interest bearing loans and borrowings	18	8,967,266	6,889,902
Provisions	17	243,874	198,435
Current tax liabilities	6	3,763,503	-
Total current liabilities		18,125,265	8,989,345
Non-current liabilities			
Provisions	17	71,871	44,432
Interest bearing loans and borrowings	18	35,900,000	43,587,074
Total non-current liabilities		35,971,871	43,631,506
Total liabilities		54,097,136	52,620,851
Net assets		167,072,834	172,215,690
Equity			
Contributed equity	19	110,978,239	115,687,816
Retained earnings	20	48,724,233	45,012,191
Other reserves	22	127,631	4,086,810
Total parent entity interest		159,830,103	164,786,817
Non-controlling interest	21	7,242,731	7,428,873
Total equity		167,072,834	172,215,690

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 21 to 53.

Consolidated Statement of Changes in Equity

for the year ended ➡ thirty june 2011

	Contributed equity \$	Retained earnings \$	Asset revaluation \$
At 1 July 2010	115,687,816	45,012,191	3,633,443
Profit for the year	-	10,228,494	-
Other comprehensive income	-	-	(3,825,043)
Total comprehensive income for the year	-	10,228,494	(3,825,043)
Other movements in equity:			
Share of associates equity based remuneration recognised in other reserve	-	-	-
Transactions with shareholders:			
Acquisition of interest in controlled entities	-	-	147,229
Shares bought back	(4,709,577)	-	-
Dividend paid	-	(6,516,452)	-
At 30 June 2011	110,978,239	48,724,233	(44,371)
At 1 July 2009	122,627,967	27,614,501	7,753,413
Profit/(loss) for the year	-	20,114,302	-
Other comprehensive income	-	-	(3,545,110)
Total comprehensive income for the year	-	20,114,302	(3,545,110)
Other movements in equity:			
Share of associates equity based remuneration recognised in other reserve	-	-	-
Transactions with shareholders:			
Acquisition of interest in controlled entities	-	-	(574,860)
Non-controlling interest disposal of shares in controlled entities	-	-	-
Shares bought back	(6,940,151)	-	-
Dividend paid	-	(2,716,612)	-
At 30 June 2010	115,687,816	45,012,191	3,633,443

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements as set out on pages 21 to 53.

Employee equity benefit \$	Foreign exchange translation \$	Owners of the parent \$	Non-controlling interest \$	Total \$
165,230	288,137	164,786,817	7,428,873	172,215,690
-	-	10,228,494	1,176,386	11,404,880
-	(341,593)	(4,166,636)	(332,274)	(4,498,910)
-	(341,593)	6,061,858	844,112	6,905,970
60,228	-	60,228	-	60,228
-	-	147,229	(1,030,254)	(883,025)
-	-	(4,709,577)	-	(4,709,577)
-	-	(6,516,452)	-	(6,516,452)
225,458	(53,456)	159,830,103	7,242,731	167,072,834
(136,770)	58,940	157,918,051	8,203,475	166,121,526
-	-	20,114,302	(420,319)	19,693,983
-	229,197	(3,315,913)	525,945	(2,789,968)
-	229,197	16,798,389	105,626	16,904,015
302,000	-	302,000	-	302,000
-	-	(574,860)	606,670	31,810
-	-	-	(1,486,898)	(1,486,898)
-	-	(6,940,151)	-	(6,940,151)
-	-	(2,716,612)	-	(2,716,612)
165,230	288,137	164,786,817	7,428,873	172,215,690

Consolidated Statement of Cash Flows

for the year ended → thirty june 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Cash receipts in the course of operations		9,165,436	4,163,583
Cash payments in the course of operations		(5,756,379)	(4,840,495)
Interest received		5,012,979	3,018,493
Dividends received		1,073,954	116,170
Interest paid		(2,979,758)	(3,099,140)
Income taxes paid		495,260	(9,060,189)
Net cash provided by/(used in) operating activities	23	7,011,492	(9,701,578)
Cash flows from investing activities			
Payments for capital expenditure for investment properties		(1,326,534)	-
Payments for property, plant and equipment		(6,157)	-
Proceeds on disposal of investment property		11,437,000	3,446
Payments for investment properties		-	(58,784,796)
Payments for equity investments		(40,853,990)	(30,008,010)
Proceeds on disposal of equity investments		29,923,153	54,419,343
Proceeds on disposal of controlled entities, net of cash disposed		276,690	-
Loans provided		(25,503,722)	(16,526,723)
Loans repaid		14,985,794	18,206,245
Net cash used in investing activities		(11,067,766)	(32,690,495)
Cash flows from financing activities			
Proceeds from borrowings		-	28,050,000
Repayment of borrowings		(6,350,000)	-
Dividends paid to members of parent entity		(6,516,452)	(2,716,612)
Payments for share buy-back		(5,894,145)	(8,246,130)
Net cash (used in)/provided by financing activities		(18,760,597)	17,087,258
Net decrease in cash and cash equivalents		(22,816,871)	(25,304,815)
Foreign exchange loss on cash		(5,541)	(12,434)
Cash and cash equivalents at the beginning of the financial year		40,796,600	66,113,849
Cash and cash equivalents at the end of the financial year	23	17,974,188	40,796,600

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 21 to 53.

Notes to the Financial Statements

for the year ended → thirty june 2011

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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 and investment properties which have been measured at fair value.

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

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 31.

1.2 Statement of Compliance

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

CVC has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 January 2010:

AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] effective 1 January 2010.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period:

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

AASB 124 *Related Party Disclosures* which has been recently issued but is effective for reporting periods commencing on or after 1 January 2011. Application of the standard will not have a material impact on the amounts recognised in the financial statements.

AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]* which has been recently

Notes to the Financial Statements

for the year ended — thirty june 2011

Note 1: Statement of Accounting Policies (cont.)

issued but is effective for reporting periods commencing on or after 1 July 2011. Application of the standard is not expected to have a significant impact on the financial statements.

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 2011 (“CVC”). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which CVC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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

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

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

Associates

Associates are those entities, other than partnerships, over which CVC exercises significant influence but not control. In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. CVC’s equity accounted share of the associates’ net profit or loss is recognised in the consolidated statement of comprehensive income from the date significant influence commences until the date significant influence ceases. CVC’s equity accounted share of movements in retained profits from changes in accounting policies by associates is recognised directly in consolidated retained earnings (note 20). CVC’s equity accounted share of other movements in reserves of associates is recognised directly in consolidated reserves.

Parent entity information

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

Joint ventures

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

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.

1.4 Impairment

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

1.5 Investments

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 statement of comprehensive income 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

Note 1: Statement of Accounting Policies (cont.)

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

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

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

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

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

Tax consolidation legislation

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

Goods and services tax

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

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

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1.7 Cash and Cash Equivalents

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

1.8 Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to CVC prior to the end of the financial year that are unpaid and arise when CVC becomes obliged to make future payments in respect of the purchase of these goods and services.

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 properties

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

Leased plant and equipment

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

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

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

Notes to the Financial Statements

for the year ended → thirty june 2011

Note 1: Statement of Accounting Policies (cont.)

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%

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. CVC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

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

Loans and receivables

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

“Available-for-sale” investments

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

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

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

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

1.12 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.

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.

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

1.14 Revenue and Revenue Recognition

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

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

Note 1: Statement of Accounting Policies (cont.)

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

Sale of non-current assets

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

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

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

Provision of services

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

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

Dividends

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

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

Revenue from dividends from other investments is recognised when received.

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

Rental income

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

Outgoings recovered

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

1.15 Employee Entitlements

Wages, salaries, annual leave and sick leave

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

to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

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

Share based payment transactions

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

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

1.16 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 — thirty june 2011

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	
	2011 %	2010 %
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	100
CVC Funds Management Pty Limited	100	100
CVC Knoxfield Unit Trust No. 2	100	100
CVC Investment Managers Pty Limited	100	100
CVC Managers Pty Limited	100	100
CVC Mezzanine Finance Pty Limited	100	100
CVC Narabang Pty Limited	95	95
CVC (Newcastle) Pty Limited	100	100
CVC Property Managers Limited	100	100
CVC Property Fund	90	85
CVC Private Equity Limited	57	51
Renewable Energy Managers Pty Limited	100	100
Stinoc Pty Limited	99	99
The Eco Fund Pty Limited	100	100
CVC Renewables Pty Limited	100	-
CVC Resources Pty Limited	100	-
<i>Controlled Entities owned 100% by CVC Property Fund:</i>		
Belrose Unit Trust No. 1	100	100
Belrose Unit Trust No. 2	100	100
Belrose Unit Trust No. 3	100	100
CVC Knoxfield Unit Trust No. 1	100	100
Frenchs Forest No. 1 Trust	100	100
Frenchs Forest No. 2 Trust	100	100
Lauden CVC Property Trust	100	100
<i>Controlled Entities owned 100% by CVC Narabang Pty Limited:</i>		
Narabang Constructions Pty Limited	100	100

Note 3: Parent Company Information

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

	2011 \$	2010 \$
i) Statement of Comprehensive Income		
Income		
Net gain on sale of equity investments	4,125,861	16,702,715
Interest revenue	8,038,741	5,565,271
Dividend revenue	1,548,785	757,099
Recovery of investment in unrelated entity	-	2,433,535
Recovery of investment in associated entities	56,793	-
Recovery of investment in controlled entities	443,798	2,528,985
Recovery of loans to unrelated entities	1,147,272	206,776
Recovery of loans to related entities	37,018	-
Recovery of loans to controlled entities	435,822	-
Other income	1,063,559	47,214
Total income	16,897,649	28,241,595
Expenses		
Finance costs	-	1,891,295
Impairment of investment in related entities	2,475,460	-
Impairment of investment in associated entities	341,098	446,565
Impairment of investment in controlled entities	-	1,952,960
Impairment of loans to related entities	49,935	2,522,553
Impairment of loans to controlled entities	494,372	6,380,673
Impairment of unlisted investments	-	25,000
Management and consultancy fees	6,601,251	6,220,275
Net realised foreign exchange loss	5,541	12,434
Net unrealised foreign exchange loss	681,233	-
Other expenses	1,168,007	545,537
Profit before related income tax expense	5,080,752	8,244,303
Income tax expense	2,020,250	8,345,267
Net profit/(loss)	3,060,502	(100,964)
Other comprehensive income		
“Available-for-sale” investments:		
✱ (Decrease)/increase in fair values recognised in other reserves	(3,074,702)	6,133,748
✱ Amounts transferred from other reserves to other comprehensive income on sale	(704,393)	(4,697,124)
✱ Income tax on fair value movements taken to or from other reserves	-	2,169,884
Other comprehensive income for the year, net of tax	(3,779,095)	3,606,508
Total comprehensive income for the year	(718,593)	3,505,544

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

Note 3: Parent Company Information (cont.)

	2011 \$	2010 \$
ii) Statement of Financial Position		
Current assets		
Cash and cash equivalents	10,137,992	38,569,255
Loans and other receivables	12,610,887	40,986,253
Current tax assets	-	500,359
Other assets	118,783	89,892
Total current assets	22,867,662	80,145,759
Non-current assets		
Loans and other receivables	50,296,368	11,383,644
Financial assets – “available-for-sale”	100,475,476	86,502,124
Total non-current assets	150,771,844	97,885,768
Total assets	173,639,506	178,031,527
Current liabilities		
Trade and other payables	972,853	901,529
Interest bearing loans and borrowings	539,902	539,902
Current tax liabilities	3,764,948	-
Total current liabilities	5,277,703	1,441,431
Non-current liabilities		
Trade and other payables	44,683,717	40,967,388
Total non-current liabilities	44,683,717	40,967,388
Total liabilities	49,961,420	42,408,819
Net assets	123,678,086	135,622,708
Equity		
Contributed equity	110,978,239	115,687,816
Retained earnings	7,809,375	11,265,325
Other reserves	4,890,472	8,669,567
Total equity	123,678,086	135,622,708

	2011 \$	2010 \$
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Note 4: Income

Rental income		
Related entities	284,760	284,760
Unrelated entities	5,803,256	2,674,862
Outgoings recovered		
Unrelated entities	830,791	417,421
Revenue from services		
Related entities	457,416	435,235
Unrelated entities	500,000	-
Net gain on sale of equity investments	4,225,860	16,800,233
Net gain on sale of investment property	2,957,546	-
Interest:		
Related entities	210,707	337,174
Unrelated entities	8,436,271	4,352,901
Dividends		
Related entities	677,476	561,736
Unrelated entities	1,076,579	312,354
Impairment recoveries		
Recovery of investments in unrelated entity	-	2,433,535
Recovery of investments in associated entities	1,667,256	6,289,526
Recovery of loans in related entities	62,018	-
Recovery of loans in unrelated entities	1,982,732	4,206,776
Other revenue	1,258,041	217,638
Total income	30,430,709	39,324,151

Note 5: Profit Before Income Tax Expense

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

Borrowing costs:		
Related entities	954,302	847,961
Other entities	3,091,228	3,247,938
Total borrowing costs	4,045,530	4,095,899
Other expenses:		
Audit fees	210,095	181,680
Directors fees	584,000	459,949
Insurance	167,289	206,286
Legal costs	242,826	314,803
Travel and accommodation	87,294	74,639
All other expenses	914,276	815,100
Total other expenses	2,205,780	2,052,457

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

	2011 \$	2010 \$
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Note 6: Income Tax

6.1 Income Tax Expense/(Benefit):

Accounting profit before income tax	15,224,110	24,712,468
Income tax expense/(benefit) at the statutory income tax rate of 30%	4,567,233	7,413,740
Increase in income tax expense due to:		
Trust loss not deductible	95,374	1,312,525
Sundry items	32,938	33,354
Decrease in income tax expense due to:		
Dividends received	(376,163)	(197,584)
Tax loss utilised	(112,311)	(2,443)
Deferred tax not recognised	(386,956)	(12,576,772)
	3,820,115	(4,017,180)
Adjustments in respect of current income tax of previous years (a)	(885)	9,035,665
Income tax expense	3,819,230	5,018,485
The major components of income tax expense are:		
Current income tax charge	3,769,733	-
Deferred income tax	50,382	(4,017,180)
Adjustments in respect of current income tax of previous years (a)	(885)	9,035,665
Income tax expense reported in the statement of financial performance	3,819,230	5,018,485

(a) The adjustment in respect of current income tax includes an overprovision on tax liability of 2010 tax year.

6.2 Current Tax Assets:

Income tax receivable:

Balance at the end of the year	17,887	518,246
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6.3 Current Tax Liabilities:

Income tax payable:

Balance at the end of the year	3,763,503	-
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Income tax payable is payable by companies not included in the CVC tax consolidated group. Refer 6.6.

Note 6: Income Tax (cont.)

6.4 Deferred Tax Assets:

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

	Included in Income \$	Included in Equity \$	Total \$
<i>Year ended 30 June 2011</i>			
Provisions and accrued expenses	336,144	-	336,144
Impairment expenses	17,327,852	-	17,327,852
Share raising costs	-	24,222	24,222
Equity accounted investments	1,577,687	-	1,577,687
Other	83,566	-	83,566
Tax losses	1,571,901	-	1,571,901
Deferred tax assets not recognised	(20,897,150)	(24,222)	(20,921,374)
	-	-	-
<i>Year ended 30 June 2010</i>			
Provisions and accrued expenses	102,770	-	102,770
Impairment expenses	10,270,866	-	10,270,866
Share raising costs	-	239,379	239,379
Equity accounted investments	5,051,447	-	5,051,447
Other	463,036	-	463,036
Tax losses	822,473	-	822,473
Deferred tax assets not recognised	(16,710,592)	(239,379)	(16,949,971)
	-	-	-

6.5 Deferred Tax Liabilities

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

<i>Year ended 30 June 2011</i>			
“Available-for-sale” investments	-	3,635,501	3,635,501
Receivables	931,984	-	931,984
Equity accounted income	3,057,733	-	3,057,733
Property, plant and equipment	4,136	-	4,136
Other	269,502	-	269,502
Deferred tax liabilities not recognised	(4,263,355)	(3,635,501)	(7,898,856)
	-	-	-
<i>Year ended 30 June 2010</i>			
“Available-for-sale” investments	-	1,437,601	1,437,601
Receivables	1,762,328	-	1,762,328
Equity accounted income	3,892,630	-	3,892,630
Property, plant and equipment	4,136	-	4,136
Other	1,184,804	-	1,184,804
Deferred tax liabilities not recognised	(6,843,898)	(1,437,601)	(8,281,499)
	199,915	6,373,338	6,573,253

Notes to the Financial Statements

for the year ended ➔ thirty june 2011

Note 6: Income Tax (cont.)

6.6 Tax Consolidation

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

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

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

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

	2011 \$	2010 \$
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Note 7: Earnings Per Share

Basic and Diluted earnings per share (dollars per share)	0.0786	0.1467
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Reconciliation of earnings used in the calculation of earnings per share:

Profit after income tax	11,404,880	19,693,983
Less: non-controlling interest	1,176,386	(420,319)
Net profit attributable to members of the parent entity	10,228,494	20,114,302

	Number of Shares	
Weighted average number of ordinary shares – Basic and Diluted	130,109,595	137,108,749
Number of shares on issue at the end of the year	127,088,001	132,360,618

Note 8: 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 statement of financial position:

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2011 Interim dividend on ordinary shares	2.00	2,560,613	21 March 2011	30%	100%
2010 Final dividend on ordinary shares	3.00	3,955,839	8 September 2010	30%	100%
2010 Interim dividend on ordinary shares	2.00	2,716,612	19 March 2010	30%	100%

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

A final dividend in respect of the year ended 30 June 2011 of 3 cents per share was declared on 22 August 2011 to be paid on 9 September 2011 to those shareholders registered on 2 September 2011.

	2011 \$	The Company 2010 \$
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Note 8: Dividends (cont.)

Dividend franking account

Franking credits available to shareholders for subsequent financial years	15,340,883	11,706,136
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The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the refund of overpaid tax instalments paid
- (c) franking debits that will arise from the payment of dividends recognised as a liability at year-end
- (d) franking credits that 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.

	2011 \$	2010 \$
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Note 9: Loans and Other Receivables

Current

Trade and other receivables	934,497	1,058,998
Loans to related entities	8,108,806	8,216,628
Impairment of loans to related entities	(3,562,948)	(4,428,412)
Loans to other corporations	20,359,534	15,720,023
	25,839,889	20,567,237

Non-current

Loans to related entities	1,281,942	1,821,330
Impairment of loans to related entities	(1,035,399)	-
Loans to other corporations	13,469,591	30,000
Impairment of loans to other corporations	(30,000)	(30,000)
	13,686,134	1,821,330

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

Further details of loans are set out in notes 28 and 31.

Notes to the Financial Statements

for the year ended → thirty june 2011

	2011 \$	2010 \$
Note 10: Financial Assets – “Available-for-Sale”		
Current		
Other investments – at cost	700,000	-
Non-current		
Shares in listed corporations – at market value	42,316,108	35,029,036
Other investments – at cost	5,182,591	5,261,336
Impairment of other investments – at cost	(1,500,000)	(1,500,000)
Other investments – at market value	1,469,906	1,350,841
Impairment of other investments – at market value	(433,562)	(433,562)
	47,035,043	39,707,651

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

10.1 Shares in listed corporations – at market value

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

Significant share holdings are held in Resource Generation Limited, Mnet Group Limited, Vita Life Sciences Limited, Villa World Group and Silver Bird Group Bhd. The number of shares held is greater than what would reasonably be considered to be liquid. The closing “bid-price” was determined to be an appropriate indication for the fair value of the investment. Refer note 31.5.

10.2 Other investments – at cost

The carrying value of certain investments classified as “Other investments – at cost” has been determined by using the fair value approach less transaction costs based on the asset based methodology, using the most recent audited financial report. The determination of the fair value has resulted in an impairment charge of \$1,500,000 (2010: \$1,500,000).

10.3 Other investments – at market value

The carrying value of certain investments classified as “Other investments – at market value” of \$433,562 (2010: \$433,562) has been determined by using the fair value approach less transaction costs based on the asset based methodology, using the most recent audited financial report. The determination of the fair value has resulted in the value of certain investment being fully impaired. Since 30 June 2011 CVC has recovered nil amounts. The directors consider that the remaining balance of \$433,562 is still fully impaired.

Note 11: Other Assets

Current		
Prepayments and deposits	413,310	317,872

Note 12: Investments Accounted for using the Equity Method

Non-current		
Equity accounted shares in listed associated companies (note 13)	20,789,695	20,781,963
Equity accounted shares in other associated companies (note 13)	19,746,834	16,884,275
	40,536,529	37,666,238

Note 12: Investments Accounted for using the Equity Method (cont.)

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

12.1 Cellnet Group Limited

The carrying value of Cellnet Group Limited ("Cellnet") has been determined by using the fair value approach. The closing "bid-price" of Cellnet on 30 June 2011 was \$0.37 per share which was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market. Refer note 31.4 and 31.5.

12.2 Pro-Pac Packaging Limited

The carrying value of Pro-Pac Packaging Limited ("Pro-Pac") has been determined by using the fair value approach. The closing "bid-price" of Pro-Pac on 30 June 2011 was \$0.26 per share which was determined to be an appropriate indication for the fair value of the investment, despite it being in excess of the net tangible asset backing per share and the lack of an active market. Refer note 31.4 and 31.5.

Since the end of the financial year, a conditional agreement was reached to sell CVC's investment in Pro-Pac Packaging Limited at a price of 45 cents per share subject to the successful completion of the transaction which will achieve a pre-tax profit of \$8.9 million.

12.3 GPG (No. 7) Pty Limited

The carrying value of GPG (No. 7) Pty Limited ("GPG") has been determined by using the fair value approach and has been calculated as \$8,218,540 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 31.6.

12.4 Concise Asset Management Limited

The carrying value of Concise Asset Management Limited has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 31.6.

12.5 CVC Sustainable Investments

The carrying value of CVC Sustainable Investments ("CVCSI") has been determined by using the fair value approach and has been calculated as \$1,501,600 based on the net asset backing methodology, using the most recent reports provided by the group. Refer note 31.6.

12.6 JAK Investments Group Pty Ltd

The carrying value of JAK Investments Group Pty Ltd has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 31.6.

Notes to the Financial Statements

for the year ended → thirty june 2011

Note 13: Investments in Associated Entities

Details of material interests in associated entities are as follows:

	Type	Ownership Interest Consolidated		Investment Carrying Amount Consolidated		Dividend Received/Receivable Consolidated	
		2011	2010	2011	2010	2011	2010
		%	%	\$	\$	\$	\$
Cellnet Group Limited	Ords	46.5	38.7	10,392,296	8,541,613	284,720	-
Concise Asset Management Limited	Ords	49.0	49.0	-	-	-	-
CVC Reef Investment Managers Limited	Ords	50.0	50.0	180,518	180,792	-	-
CVC Sustainable Investments	Ords	23.5	22.2	1,501,600	2,426,136	-	-
CVC Wagga Wagga Unit Trust	Ord Units	50.0	50.0	-	-	-	-
GPG (No.7) Pty Limited	Ords	27.5	27.5	8,218,540	7,116,615	-	-
JAK Investment Group Pty Ltd	Ords	40.0	-	-	-	-	-
Pro-Pac Packaging Limited	Ords	28.6	28.3	10,397,399	12,240,350	599,368	542,149
Ron Finemore Transport Pty Limited (a)	Ords	50.0	50.0	9,846,176	7,160,732	-	-
				40,536,529	37,666,238	884,088	542,149

(a) Ron Finemore Transport Pty Limited is not a controlled entity of CVC as management of the company is controlled by the holder of the remaining 50%.

Information on associated entities:

Cellnet Group Limited	- a distributor of mobile and IT technology to the reseller community in Australia.
Concise Asset Management Limited	- a boutique fund manager focused on investments in ASX listed entities.
CVC Reef Investment Managers Limited	- is the investment manager for the CVC REEF Limited renewable energy investment company.
CVC Sustainable Investments	- a group of stapled companies focused on private equity investment in companies that are focused on improved environmental outcomes.
CVC Wagga Wagga Unit Trust	- a property development of a bulky goods retail centre in Wagga Wagga New South Wales.
GPG (No. 7) Pty Limited	- GPG (No. 7) Pty Limited purchased the manufacturing operations of the blended foods, cereals and snack foods division of the previously ASX listed Greens Foods Limited.
JAK Investment Group Pty Ltd	- a boutique real estate finance and investment house specialising in the provision of real estate capital solutions.
Pro-Pac Packaging Limited	- a manufacturer and distributor of biodegradable flowable void fill packaging and the distribution of general industrial packaging products.
Ron Finemore Transport Pty Limited	- Ron Finemore Transport Pty Limited is a regional road transport and logistics group. Although CVC holds 50% interest in the company, it does not have control of the management of the company.

The reporting date of all the associated entities is 30 June 2011 and all are Australian entities.

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 Sustainable Investments \$	Pro-Pac Packaging Limited \$	GPG (No. 7) Pty Limited \$	Cellnet Group Limited \$	Mnet Group Limited \$	Ron Finemore Transport \$	Other Entities (a) \$	Total \$
Year Ended 30 June 2011								
Balance at the beginning of the year	2,426,136	12,240,350	7,116,615	8,541,613	-	7,160,732	180,792	37,666,238
New interests acquired	112,025	764,297	-	-	-	-	155,142	1,031,464
Share of associates profits/ (losses) before tax	(439,647)	2,088,092	528,000	456,891	-	2,465,395	(21,052)	5,077,679
Share of associates tax (expenses)/benefit	(437,464)	(624,054)	573,925	-	-	220,049	118	(267,426)
Share of associates reserves	(190,761)	3,973	-	15,332	-	-	-	(171,456)
Elimination of disposal profit from associated entity	(257,485)	-	-	-	-	-	-	(257,485)
Impairment recovery	288,796	-	-	1,378,460	-	-	-	1,667,256
Impairment	-	(4,075,259)	-	-	-	-	(134,482)	(4,209,741)
Balance at the end of the year	1,501,600	10,397,399	8,218,540	10,392,296	-	9,846,176	180,518	40,536,529
Year Ended 30 June 2010								
Balance at the beginning of the year	2,354,311	4,574,885	8,470,000	7,196,621	1,676,144	5,343,206	95,533	29,710,700
New interests acquired	90,011	571,645	-	62,828	5,041	-	-	729,525
Share of associates profits/ (losses) before tax	(91,599)	2,049,700	(218,900)	(753,997)	(92,234)	2,596,466	121,868	3,611,304
Share of associates tax (expenses)/benefit	24,991	(607,822)	-	1,058,254	(32)	(778,940)	(36,609)	(340,158)
Share of associates reserves	143,293	6,115	-	426,474	-	-	-	575,882
Impairment recovery	-	5,645,827	-	551,433	92,266	-	-	6,289,526
Impairment	(94,871)	-	(1,134,485)	-	-	-	-	(1,229,356)
Reclassification of investments	-	-	-	-	(1,681,185)	-	-	(1,681,185)
Balance at the end of the year	2,426,136	12,240,350	7,116,615	8,541,613	-	7,160,732	180,792	37,666,238

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

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

	2011 \$	2010 \$
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Note 14: Property, Plant and Equipment

Plant and equipment

At cost	38,202	43,897
Accumulated depreciation	(20,370)	(18,183)
Total property, plant and equipment	17,832	25,714

Reconciliation

Plant and equipment

Carrying amount at the beginning of the year	25,714	47,570
Additions	6,157	11,575
Disposals	-	(15,021)
Depreciation	(14,039)	(18,410)
Carrying amount at the end of the year	17,832	25,714

Property

Carrying amount at the beginning of the year	-	8,500,000
Reclassification to investment properties following change in accounting standard	-	(8,500,000)
Carrying amount at the end of the year	-	-

Note 15: Investment Properties

Investment properties	74,949,158	83,415,653
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Reconciliation

Investment properties at the beginning of the year	83,415,653	20,780,653
Reclassification from property, plant and equipment following change in accounting standard	-	8,500,000
Additions – acquisition of properties	-	58,266,162
Additions – capital expenditure	1,701,608	515,408
Cost of sale of investment properties	(8,479,453)	-
Fair value adjustment	(1,688,650)	(4,646,570)
Carrying amount at the end of the year	74,949,158	83,415,653

Note 15: Investment Properties (cont.)

The Directors of the entities that own the properties have reviewed their carrying values and present the following:

Name	Notes	Ownership %	Acquisition Date	Acquisition Price (\$'million)	Total Cost Including Additions (\$'million)	Date of Latest External Valuation	Independent Valuer	Movement Since Acquisition (\$'million)	Consolidated Book Value 30 June 2011 (\$'million)	Consolidated Book Value 30 June 2010 (\$'million)
CVC Fairfield Pty Limited										
96 Fairfield Street Fairfield NSW	a	100%	Oct 2005	\$2.7	\$2.8	n/a	n/a	-	\$2.8	\$2.8
CVC Property Fund										
1 Narabang Way Belrose NSW	b	100%	Apr 2007	\$13.7	\$14.9	n/a	n/a	(\$9.2)	\$5.9	\$6.8
8 Rodborough Rd Frenchs Forest NSW	c	100%	Oct 2007	\$21.0	\$22.4	12 Mar 2010	CB Richard Ellis	(\$4.6)	\$17.8	\$17.8
357-373 Warringah Rd Frenchs Forest NSW	c	100%	Mar 2010	\$14.2	\$15.2	2 Feb 2010	Colliers International	(\$0.1)	\$15.1	\$15.1
Unit 2, 1464 Ferntree Gully Rd Knoxfield VIC	c	100%	Mar 2010	\$28.8	\$30.5	5 Feb 2010	Jones Lang LaSalle	(\$1.5)	\$29.0	\$29.0
CVC Knoxfield Unit Trust No. 2										
Lot 2, 1464 Ferntree Gully Rd Knoxfield VIC	d	100%	Mar 2010	\$11.0	\$14.3	13 May 2011	Jones Lang LaSalle	(\$9.9)	\$4.4	\$11.9

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

	2011	2010
Capitalisation rate	10.2%	10.2%
Lease expiry	1.17 years	0.17 years
Occupancy	100%	100%

- (b) The fair value of the 1 Narabang Way, Belrose NSW property has been determined by Directors based on the unimproved land value assessed by the Office of State Revenue effective 1 January 2011. The basis of the valuation has been determined by using a direct comparison approach.
- (c) The fair value has been determined by the Directors based on an independent valuation using a combination of discounted cash flow, capitalisations of income and direct comparison approaches. The Directors are of the opinion that the independent valuation is a reasonable reflection of the current market value. The below table illustrates the key valuation assumptions used in the determination of the investment properties fair value.

	2011	Weighted average	2010
Capitalisation rate	9.5%		9.4%
Lease expiry	6.59 years		7.59 years
Occupancy	100%		100%

- (d) On 24 June 2011 Lot 1, 1464 Ferntree Gully Rd, Knoxfield VIC was sold for \$11.4 million. CVC has retained Lot 2 which has a carrying value of \$4.4m. The Directors have received an independent valuation for Lot 2 on 13 May 2011 for \$7 million. The Directors are of the opinion that the current carrying value of the property is conservative.

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

	2011 \$	2010 \$
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Note 16: Trade and Other Payables

Current		
Trade and other payables	1,427,421	732,832
Sundry creditors and accruals	2,487,744	1,049,548
Goods and services tax	1,235,457	118,628
Total current accounts payable	5,150,622	1,901,008

Note 17: Provisions

Current		
Employee entitlements	243,874	198,435
Non-current		
Employee entitlements	71,871	44,432

Note 18: Interest Bearing Loans and Borrowings

Current		
Unsecured loans	539,902	539,902
Secured bank loan	-	6,350,000
Unsecured loan from associated entity	8,427,364	-
	8,967,266	6,889,902
Non-current		
Secured bank loans	35,900,000	35,900,000
Unsecured loan from associated entity	-	7,687,074
	35,900,000	43,587,074

18.1 Secured Bank Loan – Current

The secured bank loan from National Australia Bank was repaid on 24 June 2011.

18.2 Secured Bank Loan – Non-current

The non-current secured bank loans are from National Australia Bank and attract a rate of interest of BBSY plus 1.85% per annum and secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest New South Wales, 1 Narabang Way, Belrose New South Wales and 357-373 Warringah Road, Frenchs Forest New South Wales. The terms of the loan include the maintenance of loan valuation ratio of not more than 55% and an interest cover ratio of 1.3 times with the maturity of the facilities on 31 October 2012.

18.3 Unsecured Loan from Associated Entity

This loan is an unsecured loan from Winten (No. 20) Pty Limited at an interest rate of 10% per annum repayable as by 5 April 2012.

	2011	The Company	2010	
	Number	\$	Number	\$

Note 19: Contributed Equity

Issued and paid-up ordinary share capital

Balance at the beginning of the year	132,360,618	115,687,816	142,848,621	122,627,967
Shares bought back on market	(5,272,617)	(4,709,577)	(10,488,003)	(6,940,151)
Balance at the end of the year	127,088,001	110,978,239	132,360,618	115,687,816

On 22 November 2010 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 20,000,000 ordinary shares. At the date of this report 7,649,326 shares had been bought back under this scheme.

	2011	2010
	\$	\$

Note 20: Retained Earnings

Retained earnings at the beginning of the year	45,012,191	27,614,501
Net profit attributable to members of the parent company	10,228,494	20,114,302
Dividends	(6,516,452)	(2,716,612)
Retained earnings at the end of the year	48,724,233	45,012,191

Note 21: Non-Controlling Interest

Reconciliation of non-controlling interest in controlled entities:

Balance at the beginning of the year	7,428,873	8,203,475
Share of net profit/(loss)	1,176,386	(420,319)
(Disposal)/acquisition of interests in controlled entities	(1,030,254)	606,670
Disposal of shares by non-controlling interest in controlled entities	-	(1,486,898)
Revaluation of investments	(332,274)	525,945
Balance at the end of the year	7,242,731	7,428,873

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

Share capital	11,006,014	13,534,211
Asset revaluation reserve	187,764	(512,492)
Accumulated losses	(3,951,047)	(5,592,846)
	7,242,731	7,428,873

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

	Asset Revaluation Reserve \$	Employee Equity Benefit Reserve \$	Foreign Exchange Translation Reserve \$	Total \$
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Note 22: Other Reserves

Year Ended 30 June 2011

Reserves at the beginning of the year	3,633,443	165,230	288,137	4,086,810
Equity accounted share of reserves	(279,835)	60,228	48,150	(171,457)
Net unrealised loss on “available-for-sale” investments	(3,175,335)	-	(387,497)	(3,562,832)
Net unrealised gain on “available-for-sale” investments – non-controlling interest	332,274	-	-	332,274
Acquisition of non-controlling interest	147,229	-	-	147,229
Realised profit on “available-for-sale” investments transferred asset revaluation reserve	(702,147)	-	(2,246)	(704,393)
Reserves at the end of the year	(44,371)	225,458	(53,456)	127,631

Year Ended 30 June 2010

Reserves at the beginning of the year	7,753,413	(136,770)	58,940	7,675,583
Equity accounted share of reserves	273,070	302,000	812	575,882
Net unrealised loss on “available-for-sale” investments	(1,449,132)	-	186,706	(1,262,426)
Net unrealised loss on “available-for-sale” investments – non-controlling interest	(751,348)	-	-	(751,348)
Acquisition of non-controlling interest	(574,860)	-	-	(574,860)
Realised profit on “available-for-sale” investments transferred asset revaluation reserve	(4,692,559)	-	(4,565)	(4,697,124)
Tax effect of net loss on “available-for-sale” investments	2,849,456	-	46,244	2,895,700
Tax effect of net loss on “available-for-sale” investments – non-controlling interest	225,403	-	-	225,403
Reserves at the end of the year	3,633,443	165,230	288,137	4,086,810

22.1 Asset Revaluation Reserve

The asset revaluation reserve includes the movement in the fair value of “available-for-sale” financial assets to the extent that they offset one another and CVC’s share of the unrealised appreciation in value of controlled entities following the acquisition of a non-controlling interest.

22.2 Employee Equity Benefit Reserve

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

Note 23: Notes to Statement of Cash Flows

23.1 Reconciliation of Cash and Cash Equivalents

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

	2011 \$	2010 \$
Cash and cash equivalents	17,974,188	40,796,600

23.2 Reconciliation of Profit after Income Tax to Cash from Operating Activities

Net profit	11,404,880	19,693,983
<i>Add/(less) non-cash items:</i>		
Share of equity accounted profits	4,810,252	(3,271,146)
Depreciation and amortisation of property plant and equipment	14,039	18,410
Bad debts written off	-	34,042
Impairment expenses on assets	8,544,393	8,876,446
Impairment recoveries	(3,712,006)	(12,929,837)
Profit on disposal of investments	(4,225,860)	(16,800,233)
Profit on disposal of investment properties	(2,957,546)	-
Net foreign currency loss	686,775	12,434
Interest income not received	(3,634,000)	(1,671,582)
Interest expense not paid	954,302	996,760
Dividend income not received	(680,101)	(757,921)
Option income not received	(687)	(3,559)
Movement in current tax liabilities	4,263,863	(236,166)
Movement in deferred tax assets and liabilities	50,624	(3,805,537)
<i>Changes in operating assets and liabilities:</i>		
Trade and other receivables	(1,234,796)	137,225
Trade and other payables	2,322,992	214,341
Provisions	72,878	17,955
Other assets	(48,006)	(227,193)
Net cash provided by/(used in) operating activities	7,011,492	(9,701,578)

23.3 Financing Facilities

At 30 June 2011, CVC had access to the following specific lines of credit.

Total facilities available:

Secured bank loan	40,900,000	47,250,000
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Total facilities used:

Secured bank loan	35,900,000	42,250,000
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Notes to the Financial Statements

for the year ended ➡ thirty june 2011

	2011 \$	2010 \$
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Note 24: Auditors' Remuneration

The auditor of the Company is HLB Mann Judd.

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

Audit or review of the financial report	186,450	181,680
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Amounts received or due and receivable by non HLB Mann Judd audit firm for:

Audit or review of the financial report	23,645	-
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The Auditors received no other benefits.

Note 25: Commitments and Contingencies

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	444,021	426,943
* later than one year but not later than five years	149,999	593,950
	594,020	1,020,893

Note 26: Segment Information

26.1 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.

26.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

Note 26: Segment Information (cont.)

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

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

Note 26: Segment Information (cont.)

	Private Equity and Venture Capital \$'000's	Listed Investments \$'000's	Property \$'000's	Funds Management \$'000's	Eliminations \$'000's	Consolidated \$'000's
Year Ended 30 June 2010						
Revenue:						
Total revenue for reportable segments	144	24,040	12,346	712	-	37,242
Inter-segment revenue	-	-	1,894	6,571	(8,465)	-
Unallocated amounts: interest income						2,082
Consolidated revenue						39,324
Equity accounted income	1,599	1,654	-	18	-	3,271
Results:						
Total profit for reportable segments	(1,591)	24,027	2,641	189	-	25,266
Unallocated amounts: corporate expenses						(8,843)
Share of profit of equity accounted associates						3,271
Consolidated profit after tax						19,694
Assets:						
Segment assets	5,021	35,048	103,074	2,367	-	145,510
Unallocated amounts:						
Cash and cash equivalents						40,797
Equity accounted investments						37,666
Other assets						864
Total assets						224,837
Liabilities:						
Segment liabilities	-	589	50,931	111	-	51,631
Unallocated amounts:						
Other liabilities						990
Total liabilities						52,621

Note 27: Related Party Information

27.1 Key Management Personnel

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

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

Vanda Russell Gould

John Scott Leaver

John Douglas Read

Alexander Damien Harry Beard

Details of Directors' remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this financial report, no Director has entered into a contract with the Company or CVC since the end of the previous financial year and there were no contracts involving Directors' interests existing at year-end.

Note 27: Related Party Information (cont.)

27.2 Loans to Key Management Personnel

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

27.3 Loans with Related Parties

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

	2011 \$	2010 \$	Interest Rate %
Loans Receivable			
CVC Sustainable Investments No.2 Limited	18,958	1,169,273	0%
CVC Wagga Wagga Unit Trust	5,498,957	5,449,022	20.0%
Impairment of loan – CVC Wagga Wagga Unit Trust	(1,998,957)	(1,949,022)	
CVC REEF Limited (a)	1,889,224	1,889,224	6.5%
Impairment of loan - CVC REEF Limited	(1,563,991)	(1,601,008)	
Concise Asset Management Limited	1,035,399	878,382	8.5%
Impairment of loan – Concise Asset Management Limited	(1,035,399)	(878,382)	
Battery Energy Power Solutions Pty Limited	720,625	652,057	10%
Kiedis Investments Pty Limited	1,096,438	-	10%
Phillips River Pty Limited	227,585	-	0%
Loans Payable			
Winten (No. 20) Pty Limited	8,993,985	8,220,559	10%

(a) The loan to CVC REEF Limited is unsecured.

27.4 Other Transactions

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

	2011		2010	
	Paid \$	Received \$	Paid \$	Received \$
Management fees:				
CVC Reef Limited	-	15,000	-	-
CVC Sustainable Investments Limited	-	115,773	-	118,558
CVC Sustainable Investments No. 2 Limited	-	157,643	-	145,522
Amadeus Energy Limited	-	50,000	-	35,822
Cellnet Group Limited	-	54,500	-	54,500
Cyclopharm Limited	-	-	-	8,231
DoloMatrix International Limited	-	55,000	-	55,000
Mnet Group Limited	-	29,875	-	8,333
The Environmental Group Limited	-	24,500	-	17,500
Battery Energy Power Solutions Pty Limited	30,000	284,760	25,000	284,760
Wenola Services Pty Limited (a)	-	-	200,000	-
Southseas Nominees Pty Limited (b)	-	-	100,000	-
Melbourne Corporation of Australia Pty Limited (b)	-	-	100,000	-
Other services				
Melbourne Corporation of Australia Pty Limited (b)				
– Secretarial	44,100	-	44,100	-

(a) Private company associated with Mr Leaver.

(b) Private companies associated with Mr Gould.

Notes to the Financial Statements

for the year ended → thirty june 2011

Note 28: Additional Financial Instruments Disclosure

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

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

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

28.1 Interest Rate Risk

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

	Note	Floating Interest Rate \$	Fixed Interest		Non-Interest Bearing \$	Total \$
			1 Year or Less \$	1 to 5 Years \$		
2011:						
Financial assets						
Cash and cash equivalents	23	8,706,392	9,267,251	-	545	17,974,188
Loans and other receivables	9	-	24,905,392	13,686,134	934,497	39,526,023
Financial liabilities						
Trade and other payables	16	-	-	-	5,150,622	5,150,622
Interest bearing liabilities	18	35,900,000	8,967,266	-	-	44,867,266
2010:						
Financial assets						
Cash and cash equivalents	23	6,688,360	34,107,740	-	500	40,796,600
Loans and other receivables	9	-	19,508,239	1,821,330	1,058,998	22,388,567
Financial liabilities						
Trade and other payables	16	-	-	-	1,901,008	1,901,008
Interest bearing liabilities	18	42,250,000	539,902	7,687,074	-	50,476,976

Note 28: Additional Financial Instruments Disclosure (cont.)

28.1 Interest Rate Risk (cont.)

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

Sensitivity

At reporting date, if interest rates had been 50 basis points lower (2010: 50 basis points higher) and the other variables were held constant, then the impact on CVC would be:

	Decrease of 50 bp \$	Increase of 50 bp \$
2011		
Net profit	106,068	n/a
Equity increase	106,068	n/a
2010		
Net loss	n/a	(56,831)
Equity decrease	n/a	(56,831)

28.2 Price Risk

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

Sensitivity

Since the end of the financial year, a conditional agreement was reached to sell CVC's investment in Pro-Pac Packaging Limited at a price of 45 cents per share subject to the successful completion of the transaction which will achieve a pre-tax profit of \$8.9 million.

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

	Increase of 10% \$	Decrease of 10% \$
2011		
Net profit/(loss)	1,189,390	(1,189,390)
Equity increase/(decrease)	5,524,634	(5,524,634)
2010		
Net profit/(loss)	2,320,810	(2,320,810)
Equity increase/(decrease)	3,594,631	(3,594,631)

28.3 Credit Risk Exposure

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

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

CVC minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a number of counterparties, and is managed through normal payment terms of 30 days. At reporting date there are no overdue trade debtors.

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

Note 28: Additional Financial Instruments Disclosure (cont.)

28.4 Liquidity Risk

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

The following table details CVC's contractual liabilities.

	Less than 6 months \$	6 months to 1 Year \$	1 to 5 Years \$	Greater than 5 Years \$	Total \$
2011					
Trade and other payables	4,885,423	265,202	-	-	5,150,625
Interest bearing liabilities	-	539,902	44,327,364	-	44,867,266
2010					
Trade and other payables	1,502,508	398,500	-	-	1,901,008
Interest bearing liabilities	-	6,889,902	43,587,074	-	50,476,976

28.5 Currency Risk

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

Foreign currency sensitivity

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

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

	Increase in AUD of 10% \$	Decrease in AUD of 10% \$
MYR		
2011		
Net profit/(loss)	-	-
Equity increase/(decrease)	(497,061)	620,041
2010		
Net profit/(loss)	-	-
Equity increase/(decrease)	(589,915)	740,932
USD		
2011		
Net profit/(loss)	-	-
Equity increase/(decrease)	(126,102)	154,125

Note 28: Additional Financial Instruments Disclosure (cont.)

28.6 Fair Value of Financial Assets and Liabilities

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

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

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

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

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

	Quoted market price (Level 1) \$	Valuation technique – market observable inputs (Level 2) \$	Valuation technique – non market observable inputs (Level 3) \$	Total \$
Year Ended 30 June 2011				
Financial assets				
“Available-for-sale” investments				
Shares in listed corporations – at market value	31,530,142	10,785,966	-	42,316,108
Other investments – at cost	-	-	4,382,590	4,382,590
Other investments – at market value	-	1,036,345	-	1,036,345
	31,530,142	11,822,311	4,382,590	47,735,043
Year Ended 30 June 2010				
Financial assets				
“Available-for-sale” investments				
Shares in listed corporations – at market value	14,197,617	20,831,419	-	35,029,036
Other investments – at cost	-	-	3,761,336	3,761,336
Other investments – at market value	-	917,279	-	917,279
	14,197,617	21,748,698	3,761,336	39,707,651

Reconciliation of Level 3 Fair Value Movements:

	2011 \$	2010 \$
Balance at the beginning of the year	3,761,336	3,485,901
Impairment	-	(167,151)
Purchase	621,254	750,000
Sales	-	(307,414)
Balance at the end of the year	4,382,590	3,761,336

Notes to the Financial Statements

for the year ended ➡ thirty june 2011

Note 29: Employee Entitlements

Aggregate liability for employee entitlements including on-costs:

	2011 \$	2010 \$
Current	243,874	198,435
Non-current	71,871	44,432
Number of employees at year-end	10	9

Note 30: Events Subsequent to Year End

A final dividend in respect of the year ended 30 June 2011 of 3 cents per share was declared on 22 August 2011 to be paid on 9 September 2011 to those shareholders registered on 2 September 2011.

Since the end of the financial year, a conditional agreement was reached to sell CVC's investment in Pro-Pac Packaging Limited at a price of 45 cents per share subject to the successful completion of the transaction which will achieve a pre-tax profit of \$8.9 million.

As at 25 August 2011 the Australian Stock Exchange has experienced a decline since the end of the financial year with the ASX Small Ordinaries Index 4.7% lower than as at 30 June 2011. By way of comparison CVC's Net Assets has decreased by 2.1% 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.

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

Note 31: Critical Accounting Estimates and Judgements

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

31.1 Loans to Other Corporations

An impairment has been raised against certain loans to other corporations of \$30,000 (2010: \$30,000) that have a carrying value of \$34,056,710 (2010: \$15,750,023). The recoverable amount has been assessed in note 9.

31.2 Loans to Related Entities

CVC has provided a loan of \$1,889,223 (2010: \$1,889,223) to CVC REEF Limited, a public investment company which Mr Gould is a director. CVC REEF Limited is a venture capital fund established to increase investment in renewable energy and enabling technologies through the provision of equity finance under the Australian Government's REEF program.

CVC has provided a subordinated loan of \$1,035,399 (2010: \$878,382) to Concise Asset Management Limited, a boutique fund manager focused on investments in ASX listed entities of which CVC holds a 49% interest and Mr Beard is a director.

CVC has provided loans with a total carrying value of \$5,498,957 (2010: \$5,449,022) to CVC Wagga Wagga Unit Trust which is focused on the development of bulky goods properties which CVC holds a 50% interest and Mr Beard is a director.

An impairment has been raised against loans to related entities of \$4,598,347 (2010: \$4,428,412) that have a carrying value of \$9,390,748 (2010: \$8,216,628). The recoverable amounts of the loans have been assessed in note 9.

31.3 "Available-for-Sale" Investments

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

Note 31: Critical Accounting Estimates and Judgements (cont.)

31.4 Investments Accounted For using the Equity Method – Listed Investments

The investment in Cellnet Group Limited has a carrying value of \$10,392,296 (2010: \$8,541,613) following an impairment recovery of \$1,378,460 (2010: an impairment recovery of \$551,433) and Pro-Pac Packaging Limited has a carrying value of \$10,397,399 (2010: \$12,240,350) following an impairment charge of \$4,075,259 (2010: an impairment recovery of \$5,645,827).

31.5 Absence of Active Market

In calculating the fair value of Resource Generation Limited (note 10), Mnet Group Limited (note 10), Vita Life Sciences Limited (note 10), Silver Bird Group Bhd (note 10), Villa World Group (note 10), Cellnet Limited (note 12) and Pro-Pac Packaging Limited (note 12) CVC has determined that an active market does not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalisation is small such that larger institutions do not hold significant shareholdings. However the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation of each company.

31.6 Investments Accounted For using the Equity Method – Unlisted Investments

The investment in GPG (No. 7) Pty Limited ("GPG") has a carrying value of \$8,218,540 (2010: \$7,116,615) and no impairment adjustment was made during the year (2010: an impairment charge of \$1,134,485). CVC has discounted net tangible asset backing to reflect an estimate of the recoverable value of assets of the company to reflect the current trading environment. If the discount is +/- 10% the impact on the carrying value of GPG is +/- \$821,854.

CVC Sustainable Investments has a carrying value of \$1,501,600 (2010: 2,426,136) following an impairment recovery during the year of \$288,796 (2010: an impairment charge of \$94,871).

Concise Asset Management Limited has a carrying value of nil.

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

The recoverable amounts have been assessed in note 12.

31.7 Properties

Fair value adjustments have been made against properties held by CVC. The fair value adjustments during the year are as follows:

	2011 \$	2010 \$
1 Narabang Way, Belrose New South Wales	1,063,978	2,215,408
8 Rodborough Rd, Frenchs Forest New South Wales	-	200,000
357-373 Warringah Rd, Frenchs Forest New South Wales	-	121,831
Lot 2, 1464 Ferntree Gully Rd, Knoxfield Victoria	624,672	2,109,331
	1,688,650	4,646,570

The recoverable amounts have been assessed at note 15.

Directors' Declaration

for the year ended ➡ thirty june 2011

In the opinion of the Directors of CVC Limited:

- (a) The financial statements and notes of the consolidated entity are in accordance with *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the audited remuneration disclosures set out on pages 12 to 13 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ending 30 June 2011.

Dated at Sydney 26 August 2011.

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

VR Gould
Director

ADH Beard
Director

Independent Auditor's Report

for the year ended — thirty june 2011

To the members of CVC Limited:

Report on the Financial Report

We have audited the accompanying financial report of CVC Limited ("the Company"), which comprises the statement of financial position as at 30 June 2011, the statement of financial performance, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. 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 set out on pages 15 to 54.

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

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

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

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 26 August 2011, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of CVC Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CVC Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd
Chartered Accountants

P B Meade
Partner

Sydney, 26 August 2011

Corporate Governance Statement

for the year ended ➡ thirty june 2011

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

Vanda Russell Gould (*Chairman*) - Appointed 31 October 1996. Also a Director from 1984 to 1994, member of the audit committee

Alexander Damien Beard (*Managing Director*) - Appointed 17 August 2000, member of the audit committee

John Scott Leaver - Appointed 29 May 1984

John Douglas Read - Appointed 20 March 1989, member of the audit committee

Appointment to the Company and the Board is dependant on skills, experience and other qualifications rather than solely on achieving a pre-specified diversity target. Details of skills, experience and other qualifications of Directors, including numbers and attendances of Board and audit committee meetings, are included in the Directors' Report. The Board of the Company is, given the size and scale of the organisation, currently evaluating the implications of adopting a policy and measurable targets in relation to diversity but notes that currently 50% of the Company's employees are women.

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

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2011, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises four Directors.

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

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

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

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

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

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2011:

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

Costs and Benefits of Compliance

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

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

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

Other Information

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

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

In respect of the year ended 30 June 2011, the Managing Director and the Chief Financial Officer have provided certifications to the Board in relation to the presentation of the financial reports and the operation of the risk management and internal control system.

The Company did not perform a performance evaluation of the Board and its members during the year ended 30 June 2011.

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

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

Additional Information

The following information was current as at 27 September 2011.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	163
1,001 - 5,000	373
5,001 - 10,000	227
10,001 - 100,000	348
100,001 - over	82
Total	1,193

Unmarketable parcels	Minimum parcel size	Number of shareholders
Minimum \$500.00 parcel at \$0.80 per share	625	98

On market share buy-back

The Company has a current on market share buy-back which commenced on 22 November 2010.

Substantial holders

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

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

20 largest shareholders - ordinary shares

As at 27 September 2011, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Leagou Pty Limited	20,704,611	16.72
Southsea (Aust.) Pty Limited	17,610,506	14.22
Penalton Pty Limited	15,575,978	12.58
Derrin Brothers Properties Limited	7,899,259	6.38
Executive Recruitment Services Limited	6,661,235	5.38
Southgate Investment Funds Limited	5,500,000	4.44
Chemical Trustee Limited	4,861,741	3.93
LJK Nominees Pty Limited	3,550,000	2.87
Saudi Film Investments Fund Limited	3,264,711	2.64
Lloyds & Casanove Investment Partners Limited	2,432,568	1.96
LJK Nominees Pty Limited	2,000,000	1.62
Warman Investments Pty Limited	1,250,000	1.01
Mr Alexander Beard	1,094,136	0.88
Mr Nigel Cameron Stokes	1,017,271	0.82
Dr Raymond Joseph Healey	808,817	0.65
Wenola Pty Limited	805,000	0.65
LJK Investments Pty Limited	800,000	0.65
Wenola Pty Limited	700,000	0.57
Melbourne Corporation of Australia Pty Limited	578,608	0.47
Ms Valerie May Vogt	560,678	0.45
	97,675,119	78.89

Voting Rights

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

Registered Office

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



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