



CVC Sustainable Investments

:: Financial Report 2009 ::

Half-yearly Financial Report

for the half-year ended 31 December 2009



CVC Sustainable Investments Limited and its Stapled Entity

chairman's report

for the half-year ended 31 December 2009

Dear Shareholder

On behalf of the board, I am pleased to present the interim report for CVC Sustainable Investments. The net profit after tax for the half-year period was \$661,697, which is a direct result of the improvement in investments which have previously been written down in value.

The recovery in the Australian share market during the period has had a positive impact on the carrying value of our ASX listed investments. The investments in Environmental Group Limited (ASX: EGL), DoloMatrix International Limited (ASX: DMX) and Pro-Pac Packaging Limited (ASX: PPG) have experienced a significant recovery in share prices during the period, which generated an impairment recovery of \$987,468 which was included in the income statement. These gains in share value support my comments for the previous period which foreshadowed a gradual reversal of the write down of investments.

DoloMatrix International Limited experienced an increase in net operating profit after tax compared to the prior half-year as the company focused on improving operating margins and reducing overhead costs.

During a challenging period the Environmental Group Limited's focus has been on improving operating margins, with gross operating margins increasing from 32% to 35%. The company continues to maintain a strong balance sheet, with significant cash reserves available to be deployed to undertake strategic acquisitions.

BioPower Systems Pty Limited has reached an agreement with the city of San Francisco which will see them work together to assess the feasibility of a wave energy project off the city's western beaches.

HydroChile Pty Limited has secured a financial partner to allow it to achieve its goal of fully developing its hydro power assets in Chile over the next three years. The agreement has been made for an initial tranche of US\$12 million and follow on investments of up to an additional US\$188 million to fund construction and development of the projects. These developments should lead to a long term substantial appreciation in the value of our holding. Shareholders will recall that we have already fully recovered the cost of our original investment.

The last six months has seen a turnaround in the carrying value of investments with an increase in the net assets per share of 21.6% from 14.58 cents to 17.73 cents. The expectation is that the rapid appreciation in investment values experienced over the last six months will not be achieved in the next six month period, and so any further increase in value will need to be generated from active management of the investment portfolio.

The Board's view is that it will continue to be a long term investor taking an active role with investee companies and seeking to unlock value as companies mature or take advantage of opportunities for expansion. By providing funding for companies with strong, positive environmental impacts CVCSI remains committed to securing strong social benefits for its security holders and solid long term capital growth i.e. *profits that don't cost the earth™*.

Vanda Gould
Chairman

comprehensive income statement (condensed)

for the half-year ended 31 December 2009

	31 Dec 2009 \$	31 Dec 2008 \$
INCOME		
Interest income	391	10,792
Net gain on sale of investments	51,143	1,007,109
Dividend income	9,732	29,630
Impairment recoveries	987,468	-
TOTAL INCOME	1,048,734	1,047,531
Share of net profits of associate accounted for using the equity method	123,706	386,896
Discount on acquisition	-	136,129
EXPENSES		
Audit fees	11,334	11,000
Directors' fees	5,504	6,000
Management & consulting fees	132,040	182,869
Legal fees	380	20,070
Interest expenses	51,161	93,034
Printing	11,238	13,037
Share registry costs	5,784	8,652
Net loss on sale of equity investments	-	61,115
Impairment of investment in associated entity	-	1,967,220
Impairment of listed investments	-	2,071,773
Impairment of secured loans	-	226,542
Other expenses	15,609	15,674
Profit/(loss) before income tax expense	939,390	(3,106,430)
Income tax expense/(benefit)	277,693	(913,672)
Net profit/(loss)	661,697	(2,192,758)
Net (loss)/profit is attributable to:		
Owners of CVC Sustainable Investments Limited	6,864	(64,118)
Minority Interest	654,833	(2,128,640)
	661,697	(2,192,758)
Earnings per share		
Basic and Diluted earnings per share (cents)	0.91	(3.73)
Dividends paid per share (cents)	-	0.5

comprehensive income statement (cont.)

	31 Dec 2009 \$	31 Dec 2008 \$
OTHER COMPREHENSIVE INCOME		
Movements in fair values of "available-for-sale" financial assets recognised directly in equity	2,374,943	369,471
Movements in fair values of "available-for-sale" financial assets transferred to the income statement on realisation	-	(945,771)
Income tax on items taken directly to or from equity	(708,003)	46,493
Value of associates share options reserve recognised in other reserve	-	5,887
Other comprehensive income for the period, net of tax	1,666,940	(523,920)
Total comprehensive income for the period	2,328,637	(2,716,678)
Total comprehensive income for the period is attributable to:		
Owners of CVC Sustainable Investments Limited	32,250	(779,886)
Minority Interest	2,296,387	(1,936,792)
	2,328,637	(2,716,678)

balance sheet (condensed)

as at 31 December 2009

	31 Dec 2009 \$	30 Jun 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	7,625	11,907
Trade and other receivables	137,839	126,623
Current tax assets	3,255	4,942
Total current assets	148,719	143,472
NON-CURRENT ASSETS		
Financial assets "available-for-sale"	8,568,406	6,190,358
Investments accounted for using the equity method	5,141,735	4,034,286
Deferred tax assets	1,048,938	1,518,988
Total non-current assets	14,759,079	11,743,632
TOTAL ASSETS	14,907,798	11,887,104
CURRENT LIABILITIES		
Trade and other payables	106,178	56,924
Loans payable	1,130,032	-
Total current liabilities	1,236,210	56,924
NON-CURRENT LIABILITIES		
Loans payable	-	1,002,871
Deferred tax liabilities	770,358	264,126
Total non-current liabilities	770,358	1,266,997
TOTAL LIABILITIES	2,006,568	1,323,921
NET ASSETS	12,901,230	10,563,183
EQUITY		
Contributed equity	6,445,833	6,443,964
Retained profits	(2,930,162)	(2,937,025)
Other reserves	1,261,472	1,235,366
Total parent entity interest	4,777,143	4,742,305
Minority interest	8,124,087	5,820,878
TOTAL EQUITY	12,901,230	10,563,183

cash flow statement (condensed)

for the half-year ended 31 December 2009

	31 Dec 2009 \$	31 Dec 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(131,379)	(274,546)
Interest received	390	10,792
Interest paid	-	(2,450)
Dividends received	9,732	281,648
Tax paid	1,686	(845)
Net cash (used in)/provided by operating activities	(119,571)	14,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	351,946	3,231,997
Payments for other investments	(300,186)	(2,932,702)
Net cash provided by investing activities	51,760	299,295
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(227,870)
Proceeds from the issue of shares	40,000	10,000
Payments for share issue	(52,471)	(460)
Proceeds from borrowing	306,000	2,392,000
Borrowings repaid	(230,000)	(2,520,000)
Net cash provided by/(used in) financing activities	63,529	(346,330)
Net decrease in cash held	(4,282)	(32,436)
Cash at the beginning of the financial half-year	11,907	44,240
CASH HELD AT THE END OF THE HALF-YEAR	7,625	11,804

statement of changes in equity (condensed)

for the half-year ended 31 December 2009

	31 Dec 2009 \$	31 Dec 2008 \$
Total comprehensive income for the period	2,328,637	(2,716,678)
Transactions with shareholders in their capacity as shareholders		
Shares issued during the half-year:		
- through share placement	40,000	10,000
- non-equity cost of shares issued	(40,000)	(460)
- income tax on cost of shares issued	9,409	103
- through the dividend reinvestment plan	-	124,074
Dividends paid to shareholders	-	(351,944)
Total transactions with shareholders in their capacity as shareholders	9,409	(218,227)
Net increase/(decrease) in equity for the half-year	2,338,046	(2,934,905)
Equity at the beginning of the half-year	10,563,183	14,629,538
EQUITY AT THE END OF THE HALF-YEAR	12,901,229	11,694,633