



# Half-yearly Financial Report

**CVC Sustainable Investments Limited  
and its Stapled Entity**

---

*for the half-year ended 31 December 2007*

## chairman's report

for the half-year ended 31 December 2007

Dear Shareholder

On behalf of the Board, I present the interim report for stapled entities CVC Sustainable Investments Limited and CVC Sustainable Investments No. 2 Limited ("CVC Sustainable Investments" or "CVCSI"). I am pleased to report a net profit for the half-year ended 31 December 2007 of \$321,803.

During the period we witnessed a change in Federal Government, with Prime Minister Kevin Rudd signing the Kyoto Protocol as his first official act in government. Australia will have a carbon emissions trading scheme in place by 2010, has committed to a 60% cut in greenhouse emissions by 2050 and set a goal of reaching a 20% Renewable Energy Target by 2020. This policy guidance brings into focus the need for sustainable management of our resources and the commensurate investment required to develop associated technologies.

Encouraged by the abovementioned new developments, CVCSI has continued to target environmentally sustainable companies operating in growth sectors, including energy, water and waste materials. Whilst the current volatility being experienced in the debt and equity markets will affect the valuation of investments, we are now seeing a return to more realistic investment pricing opportunities via businesses that are positioning themselves to meet the environmental challenges.

We are pleased to report that CVCSI increased its stake in the ASX-listed diversified environmental solutions company, the Environmental Group Limited (ASX: EGL), during the period. CVCSI's investment has assisted EGL with the progressive acquisition programme commenced by its re-energised management team. CVCSI also generated income from the provision of underwriting services to EGL during its capital raising process, which contributed to the strong interim results. CVCSI made separate smaller investments in Dolomatrix International Limited (ASX: DMX) and Viridis Investment Management Limited (ASX: VIR) and continued to work closely with its existing investees, including HydroChile Pty Ltd, which is capitalising on opportunities to develop hydro-electricity in the Chilean power generation sector.

CVCSI has successfully exited its investments in Plantic Technologies Limited and A J Lucas Group Limited (ASX: AJL), generating annualised returns of 28% and 13%, respectively.

At CVCSI, we are committed and well-placed to build on our strong track record of generating strong returns that literally "don't cost the earth" from providing funding for developing Australian companies.

Once again I thank you for supporting CVC Sustainable Investments.

**Vanda Gould**  
Chairman

## income statement (condensed)

for the half-year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
<b>INCOME</b>		
Management fee	240,000	-
Interest income	47,912	173,039
Net gain on sale of investments	75,214	59,671
Dividend income	43,743	16,919
Underwriting fees	305,000	37,500
<b>TOTAL INCOME</b>	<b>711,869</b>	<b>287,129</b>
Share of net profits of associate accounted for using the equity method	35,795	-
<b>EXPENSES</b>		
Audit fees	11,500	4,000
Directors' fees	6,000	12,000
Management and consulting fees	145,081	123,786
Legal fees	44,406	-
Interest expenses	70,944	-
Printing	11,126	10,997
Share registry costs	7,162	6,884
Impairment expenses	17,025	-
Net loss on sale of equity investments	13,425	229,391
Other expenses	61,802	19,219
<b>Profit before income tax expense</b>	<b>359,193</b>	<b>(119,148)</b>
Income tax (expense)/benefit	(37,390)	23,434
<b>Net profit</b>	<b>321,803</b>	<b>(142,582)</b>
<b>Net loss attributed to minority interests</b>	<b>48,601</b>	<b>-</b>
<b>Net profit attributable to members of the parent entity</b>	<b>370,404</b>	<b>(142,582)</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share (cents)	0.54	(0.32)
<b>Dividends paid per share (cents)</b>	<b>0.5</b>	<b>0.5</b>

## balance sheet (condensed)

as at 31 December 2007

	31 Dec 2007	30 Jun 2007
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	44,698	1,409,931
Trade and other receivables	843,093	556,652
<b>Total current assets</b>	<b>887,791</b>	<b>1,966,583</b>
<b>NON-CURRENT ASSETS</b>		
Loan receivables	226,542	726,542
Financial assets "available-for-sale"	6,471,862	9,034,632
Investments accounted for using the equity method	4,973,592	-
Deferred tax assets	401,174	78,459
<b>Total non-current assets</b>	<b>12,073,170</b>	<b>9,839,633</b>
<b>TOTAL ASSETS</b>	<b>12,960,961</b>	<b>11,806,216</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	48,303	19,491
Current tax liabilities	102,816	92,138
Loans payable	479,826	-
<b>Total current liabilities</b>	<b>630,945</b>	<b>111,629</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	128,635	88,147
<b>Total non-current liabilities</b>	<b>128,635</b>	<b>88,147</b>
<b>TOTAL LIABILITIES</b>	<b>759,580</b>	<b>199,776</b>
<b>NET ASSETS</b>	<b>12,201,381</b>	<b>11,606,440</b>
<b>EQUITY</b>		
Contributed equity	6,106,358	4,833,728
Retained profits	851,509	815,068
Other reserves	(2,080,094)	251,957
<b>Total parent entity interest</b>	<b>4,877,773</b>	<b>5,900,753</b>
Minority interest	7,323,608	5,705,687
<b>TOTAL EQUITY</b>	<b>12,201,381</b>	<b>11,606,440</b>

## cash flow statement (condensed)

for the half-year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	26,040	37,500
Cash payments in the course of operations	(253,907)	(139,158)
Interest received	51,831	173,220
Interest paid	(1,058)	-
Dividends received	17,968	16,919
<b>Net cash used in operating activities</b>	<b>(159,126)</b>	<b>88,481</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	1,402,363	183,667
Payments for other investments	(5,301,666)	(516,919)
<b>Net cash used in investing activities</b>	<b>(3,899,303)</b>	<b>(333,252)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(223,000)	(219,025)
Proceeds from the issue of shares	1,282,529	158,225
Proceeds from borrowing	2,562,880	-
Borrowings repaid	(738,728)	-
Payments for share buyback	(190,485)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>2,693,196</b>	<b>(60,800)</b>
<b>Net decrease in cash held</b>	<b>(1,365,233)</b>	<b>(305,571)</b>
<b>Cash at the beginning of the financial half-year</b>	<b>1,409,931</b>	<b>4,998,547</b>
<b>CASH HELD AT THE END OF THE HALF-YEAR</b>	<b>44,698</b>	<b>4,692,976</b>

## statement of changes in equity (condensed)

for the half-year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$	\$
<b>Income and expenses recognised directly in equity</b>		
Movements in fair values of "available-for-sale" financial assets recognised directly in equity	(2,270,748)	102,814
Prior period movements in fair values of "available-for-sale" financial assets transferred to the income statement on realisation	(47,701)	(77,543)
Income tax on items taken directly to or from equity	289,908	(3,792)
<b>Total income and expense recognised directly in equity</b>	<b>(2,028,541)</b>	<b>21,479</b>
Profit/(loss) for the half-year	321,803	(142,582)
<b>Total recognised income and expense for the half-year</b>	<b>(1,706,738)</b>	<b>(121,103)</b>
<b>Transactions with shareholders in their capacity as shareholders</b>		
Shares issued during the half-year:		
- through share placement	2,085,913	-
- non-equity cost of shares issued	(81,109)	-
- income tax on cost of shares issued	18,423	-
- through the dividend reinvestment plan	110,963	41,225
- through exercise of options	691,937	117,000
Dividends paid to shareholders	(333,963)	(219,026)
Payment for share buyback	(190,485)	-
<b>Total transactions with shareholders in their capacity as shareholders</b>	<b>2,301,679</b>	<b>(60,801)</b>
<b>Net increase/(decrease) in equity for the half-year</b>	<b>594,941</b>	<b>(181,904)</b>
<b>Equity at the beginning of the half-year</b>	<b>11,606,440</b>	<b>9,902,898</b>
<b>EQUITY AT THE END OF THE HALF-YEAR</b>	<b>12,201,381</b>	<b>9,720,994</b>