

COMPANY PARTICULARS

June 30, 1996

DIRECTORS

John Scott Leaver
John Douglas Read
Paul Geoffrey Brazenor

SECRETARIES

Alexander Damien Harry Beard
Christine Joyce Cashen

MANAGEMENT TEAM

CVC Investment Managers Pty Limited

PRINCIPAL AND REGISTERED OFFICE

Level 40
50 Bridge Street
SYDNEY NSW 2000
AUSTRALIA
Telephone: (02) 9223 8800
Facsimile: (02) 9223 9808

SHARE REGISTRY

Gould Ralph Services Pty Limited
Share Registry Division
Level 40
50 Bridge Street
SYDNEY NSW 2000
AUSTRALIA
Telephone: (02) 9231 0500
Facsimile: (02) 9231 0501

AUDITORS

Geersen & Drinkwater
Chartered Accountants

BANKERS

Metway Bank Limited
Westpac Banking Corporation

“The Company enjoys a strong balance sheet with good liquidity and no external debt”

John Leaver
Chairman’s Report

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CONTINENTAL VENTURE CAPITAL LIMITED

A.C.N. 002 700 361

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of Continental Venture Capital Limited will be held in the Board Room of the Company at Level 40, AMP Centre, 50 Bridge Street, Sydney on Monday 25 November 1996 at 4:00pm.

BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company and of the Economic Entity for the year ended June 30, 1996 and the Reports by Directors and Auditors thereon.
2. To elect Directors for the forthcoming year ending June 30, 1997:

Paul Geoffrey Brazenor who retires in accordance with the Company's Articles of Association, and, being eligible, offers himself for re-election.
3. General Business: To transact any other business which may be brought forward in accordance with the Articles of Association of the Company.

By Order of the Board

CHRISTINE JOYCE CASHEN
Secretary

Sydney this 24th day of September, 1996.

NOTES

A separate proxy form is enclosed.

Nominations for the office of Director close fifteen working days before the Meeting and must be lodged at the registered office of the Company by that date.

Copies of the Company's Memorandum and Articles of Association are available for inspection at the registered office of the Company.

PROXIES

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member.

The instrument appointing a proxy must be in writing under the hand of the appointor or the appointor's attorney or if such appointor is a corporation under its common seal or the hand of its attorney or secretary.

To be effective, the instrument appointing a proxy (and the power of attorney, if any, under which it is signed) must be deposited at the registered office of the Company not less than forty eight hours before the meeting.

CHAIRMAN'S REPORT

INTRODUCTION

On behalf of the Board of Directors, I am pleased to present the 1996 Annual Report and Financial Statements.

Amongst the highlights of the year was a simplification of the Company's capital structure by the redemption in full of the remaining preference shares and the introduction of an onmarket share buyback scheme. As a consequence the Company enjoys a strong balance sheet with good liquidity and no external debt.

In its fourth consecutive year of profitability the Company realised a net operating profit before abnormals of \$5.5 million an increase of 68 percent over the prior year. Interest income of \$3.75 million was recognised on funds held to redeem the Company's preference shares. This income was not available to ordinary shareholders and will not be available in subsequent periods.

In view of the improved performance the Directors have declared a fully franked final dividend of 0.5 cents per share.

THE BALANCE SHEET

Important changes were introduced to the Company's balance sheet in 1996.

On 28 June 1996, the Company redeemed in full all remaining preference shares. In total 75.9 million preference shares with a face value of \$36.9 million were redeemed. As a result the Company enters 1997 with a simplified and more transparent balance sheet.

On 21 February 1996, the Company introduced an on market share buyback scheme. The Company's buyback scheme was one of the first to be approved under a new legislative framework introduced in the First Corporate Law Simplification Act. A total of 3,746,500 ordinary shares have been bought back. The buyback scheme concluded upon the expiry of its statutory term on 21 August 1996. The Directors will continue to review the Company's capital base to determine the appropriate capital structure that will maximise shareholders' wealth.

THE YEAR TO 30 JUNE 1996

The results for the year reflect strong contributions from the Company's investments in property, the final contribution from interest earned on funds held to facilitate the redemption of the Company's preference shares, and a modest contribution from the Company's development and venture capital portfolio.

Our major investment in Sunland Group Limited continues to perform above expectations and remains a major source of anticipated future growth.

During 1996 the Company also subscribed capital directly to six property development projects in Sydney and the Gold Coast. In addition to interest on the funds subscribed, the Company is entitled to a share, in varying proportions, of the profits from each project.

At balance date, two of these projects had successfully concluded repaying in full by that date all principal and interest outstanding. The remaining four projects will be a major source of likely future profits. Completion of the first of these projects will, however, not occur until 1997/98.

A strong performance by Tetley Manufacturing and increased dividends from Pacific Communications disguised an unacceptable return from the balance of the development and venture capital portfolio. Our program of realising the investments in this asset class is ongoing. This process is proving more protracted than originally anticipated due to the illiquid nature of these investments.

DIVIDENDS

The Directors have declared a fully franked final dividend of 0.5 cents per share. The dividend will be paid on 15 October 1996. The record date for determination of entitlements is 30 September 1996.

As part of the Company's ongoing capital management, the Directors propose to maintain a final dividend, the quantum of which will reflect each year's performance and the availability of franking credits.

CONCLUDING COMMENTS

Simplification of the Company's capital structure will lead to a clearer understanding of the Company and its activities. With a number of major long term projects recently announced profitability for 1996/97 will be subdued until completion of the first of these projects in late calendar 1997.

JOHN LEAVER
CHAIRMAN

REVIEW OF OPERATIONS

As foreshadowed in the 1995 Annual Report CVC has placed greater emphasis on improving the quality of its investment portfolio. This program will continue. To date the program has seen the balance of the Company's portfolio weighted towards better performing industry sectors with shorter investment cycles and higher yields.

The Company's portfolio currently consists of three distinct segments:

- Property Developments
- Listed Equity Investments
- Development and Venture Capital

PROPERTY DEVELOPMENTS:

Sunland Group Limited

In addition to its equity investment in Sunland Group Limited (Sunland), the Company in 1996 invested directly in two new projects with Sunland.

In November 1995, the Company entered into a joint venture to construct the 403 room "*Euro Asia Legends Hotel*" on the former Surfers Paradise State School site in central Surfers Paradise. The project adjoins the Gold Coast Highway and is in easy walking distance of the central retail district. CVC is entitled to interest on its loan and a share of the profits. Construction of the hotel has commenced and is ahead of schedule. The hotel is expected to be completed by September 1997. Negotiations are currently being held with recognised international hotel management groups to appoint a hotel manager.

CVC also entered into a finance agreement with Sunland for the development of the prestigious 266 unit "*Sun City Resort*" on a major site in central Surfers Paradise. To date 157 units have been sold. The 40 storey development will employ a Southern American theme, enjoy extensive landscaping and water themed recreational amenities. Construction is expected to be completed by October 1998. CVC is entitled to interest on its loan and a one eighth share of the profit from the development.

Raptis Group Limited

During 1995 the Company joined with Raptis Group Limited, Macarthur National Limited and others to develop the "*Moroccan*" and "*La Grande*" residential high rise developments. Both projects were successfully completed during the 1996 year. The Company achieved an annualised internal rate of return in excess of 25% from both projects.

Following the completion of these projects, the Company has joined a similar syndicate to develop "*The Phoenician*" a new two stage residential and retail development at Broadbeach.

"*The Phoenician*", located in the heart of Broadbeach, will comprise 36 shops and 213 residential units. The development emphasises a health and spa resort theme. Construction will commence once pre-sale targets have been achieved. It is anticipated that construction of Stage I will commence during October 1996 and be completed by June 1997. Unconditional contracts have been entered into for 36 units in Stage I. Stage II will commence upon attainment of a further pre-sales condition. It is expected that Stage II will be completed by December 1997.

Kingrose Developments

The Company's developments at Beacon Hill and Bowral were concluded during the year with an aggregate return on investment of 25% including interest and profit share.

The Company will continue to evaluate projects presented by Kingrose Developments with a view to undertaking further projects that generate comparable returns.

Mosman Development Trust

The Company has acquired a 50% interest in the Mosman Development Trust. The Trust has purchased a property at 1 Warringah Road, Mosman to develop 2 luxury townhouses and a penthouse. The site offers expansive water views in a tranquil surrounding within close proximity to Chinamans Beach.

Development and building approvals have been obtained. Construction commenced during September 1996. It is expected that the development will be completed by September 1997.

LISTED EQUITY INVESTMENTS:

Sunland Group Limited

In the year to 30 June 1996, Sunland Group Limited realised a net operating profit of \$6.66 million on total revenues of \$58.5 million. The profit represents an improvement of 96% over the prior year.

The buoyant results and strong growth in profits have been reflected in an increase in Sunland's share price from 50 cents at listing in February 1995 to \$1.60 in mid September 1996. These share prices have been achieved on low volumes.

The profit for the year reflects the diverse nature of projects undertaken by Sunland. Sunland foresees 1996-97 as a further period of profitability underpinned by projects at hand. During 1996 Sunland completed its high-rise residential development, "*Carmel by the Sea*", at Broadbeach. The last unit in this development sold shortly after balance date.

Sunland's residential sub division at "*Somerset Place*", Robina has received strong market acceptance. Stage 1 (58 lots) was completed during the year. Stages 2 & 3 (80 lots in total) are presently under construction. The company's other residential sub division at "*Gaven Heights*" recorded 138 residential allotment sales during the year. Finalisation of this project is expected during the current half year following the recently announced sale of the balance of the estate to a local builder.

CVC has joined with Sunland to develop the 266 unit residential tower, *Sun City Resort*, and the 403 room "*Euro Asia Legends Hotel*".

Sunland's luxury homes division and residential town house and villa development at "*Riverview Gardens*" made positive contributions to profit further highlighting the robustness of the year's results.

CVC holds 25.5% of Sunland's issued capital.

Pacific Communications Holdings Limited

Pacific Communications Holdings Limited declared an unaudited after tax profit of \$960,000 for the year ended 30 June 1996 representing earnings per share of 12.1 cents. The Company also declared a fully franked final dividend of 3 cents per share.

CVC holds 19.9% of the issued capital of Pacific Communications Holdings Limited.

Pacific Communications provides closed circuit security television systems to major projects such as airports, casinos, railway stations, prisons, public precincts and transport hubs.

During the year Pacific Communications sold its subsidiary Pacom Data Pty Limited. The Company is continuing to review its business to identify and sell unperforming assets.

The program of asset realisations will continue through 1996-97. Surplus capital generated from this exercise will be returned to shareholders.

Macarthur National Limited

CVC holds 24.5 % of the issued capital of Macarthur National Limited, a listed public company actively engaged in investments and property development.

Macarthur National has joined with CVC and Raptis Group Limited to develop "*The Phoenician*" multi-rise residential unit development at Broadbeach and with CVC in the "*Mosman Development Trust*" to erect two town houses and one penthouse at Chinamans Beach, Sydney .

Macarthur National enjoys a strong balance sheet with a cash balance in excess of \$1million.

Diversified Equity Investments

In addition to the investments detailed above, the Company has a diversified trading equity portfolio that represents, by cost, approximately 10% of the total assets of the Company. This diversified equity portfolio has

averaged an annualised rate of return of 30 % over the past 3 years. Income is sourced from the sale of options, dividends and by the realisation of investments.

The Company selects its equity investments having regard to the investees capacity to pay franked dividends and their participation in market sectors that may demonstrate superior performance. The portfolio's current investments include tourism, property development, environmental processing, beverages, medical, banking, mining and construction.

In accordance with Australian Accounting Standards the Company values each of these investments at the lower of cost or market.

DEVELOPMENT AND VENTURE CAPITAL

Laserex Group

Laserex has been significantly restructured during the year to achieve a positive cash flow from operations. Laserex's existing product lines have been rationalised and overheads have been reduced by 30%. Products have been re-engineered to increase gross margins. Inventory levels have been reduced to free up working capital.

Laserex manufactures and sells a range of laser products for the audio visual, industrial, defence and recreational markets. Sales of laser pointers have declined in recent years as these markets have matured. Sales of laser pointers have been supplemented by new markets for computer interactive laser pointers and industrial safety applications. Laserex has established itself as a quality designer and manufacturer of innovative products and has utilised this expertise during the year to secure new contracts with Eastman Kodak and Polaroid Corporation.

Laserex continues to struggle notwithstanding its strong engineering and manufacturing base. It is therefore CVC's intention, conditions permitting, to realise its investment in Laserex by the end of the current financial year.

Tetley Manufacturing Limited

Tetley enjoyed another profitable year, increasing revenue by 3% to \$4 million and achieving a net operating profit of \$655,274. Profit decreased by 12.5% from the prior year due to increased expenditure on obtaining FDA approval for its Technegas Generator and the cessation of the company's Research & Development Syndicate.

Tetley paid a maiden dividend of \$154,666 to CVC during the year.

Tetley remains at least 18 months away from obtaining FDA approval. Tetley is currently evaluating the effectiveness of its FDA approval program with its USA distributor, Syncor International Inc. It is expected that the outcome of this review will be a more focused approach to the FDA. The United States market accounts for over half of the worlds nuclear medicine departments.

Following the execution of a new distribution agreement, Tetley continues to sell into the European market. Tetley recognises its dependence on the European market. Tetley is currently holding discussions with its European distributor to increase its market penetration. Increased European sales and lower FDA expenses are the two key elements driving Tetley's profitability.

During the year Tetley obtained ISO 9002 quality assurance certification for its manufacturing operations.

It is the Company's intention to crystallise its investment in Tetley. This may take the form of increased dividends, listing on a recognised stock exchange or by outright sale.

Solatrol Inc

As disclosed in the 1995 Annual Report, efforts to sell Solatrol's business or assets to an industry participant failed. On 15 September 1995 a secured creditor of Solatrol gave notice of default under its loan facility. Accordingly, Solatrol ceased to trade during the year.

It is possible that in a future period the Company may realise some nominal value from the intellectual property built up within Solatrol.

DIRECTORS' REPORT

Your Directors present the Financial Statements of Continental Venture Capital Limited (CVC) and the consolidated accounts of the Economic Entity being the Company and its controlled entities, for the year ended June 30, 1996 together with the Auditor's Report thereon.

DIRECTORS

The names of Directors in office at the date of this report are John Scott Leaver (Chairman), John Douglas Read and Paul Geoffrey Brazenor.

DIRECTORS MEETINGS

The number of Directors' Meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors' Meetings		Audit Committee Meetings	
	No of Meetings attended	No of Meetings held*	No of Meetings attended	No of Meetings held*
Mr J S Leaver	7	7	-	-
Mr J D Read	6	7	2	2
Mr N C Stokes	5	6	1	1
Mr P G Brazenor	7	7	1	1

* reflects the number of meetings held during the time the director held office during the year.

PRINCIPAL ACTIVITIES

CVC was incorporated on January 11, 1984 to apply for a licence under the Management and Investment Companies Act, 1983, and was granted a licence, effective from March 1, 1985. The MIC program concluded on June 30, 1991. The Company's principal activity has been to operate as a management and investment company and now continues as the provider of investment capital.

There has been a broadening in the scope of activities undertaken by the Economic Entity since the conclusion of the MIC program to include a wider range of investments.

The principal activities of the corporations in the Economic Entity during the year were the manufacture, distribution and sale of laser devices, microprocessors, irrigation control products, health and medical equipment, as well as property development and funds management.

There were no significant changes in the nature of the activities of the Economic Entity during the year.

CONSOLIDATED RESULT

The consolidated profit for the year attributable to the members of CVC was:

	1996	1995
	\$	\$
Operating profit after income tax	5,534,229	16,887,732
Outside equity interests	(13,742)	26,302
Operating profit and extraordinary items after income tax attributable to members of CVC	\$5,520,487	\$16,914,034

The contribution to profits by each entity in the Economic Entity is set out in Note 18.1 to the financial statements.

DIVIDENDS

No dividends were paid during the financial year. The Directors have declared a final dividend in respect of the year ended 30 June 1996. The dividend is 0.5 cents per share fully franked with class C (36%) franking credits to be paid on 15 October 1996. Total dividends provided for in respect of the year ended 30 June 1996 is \$625,628.

REVIEW OF OPERATIONS

The Chairman's Report, Review of Investments and the annexures to the Financial Statements contain details of the Economic Entity's operations during the year.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Economic Entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated accounts.

LIKELY DEVELOPMENTS

The likely developments in the operations of the Economic Entity will involve an increase in the range of investment activities undertaken with the emphasis on obtaining higher yields on liquid capital. The profitability or otherwise of those investments cannot be meaningfully predicted at the date of this Report.

EVENTS SUBSEQUENT TO BALANCE DATE

The Company made certain investments and loans in support of its existing investee businesses, acquired various short term interests in listed equity and realised a portion of its short term investments as part of its ordinary course of business subsequent to balance date.

Other than the matters discussed above, and in note 28 of the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Economic Entity, the results of those operations, or the state of affairs of the Economic Entity, in subsequent financial years.

INFORMATION ON DIRECTORS

John Scott Leaver (Chairman)

B.Ec. (Uni. of Sydney)

Licensed Securities Dealer

Board member since 1984. Chairman of Pacific Communications Holdings Limited, Finemore Holdings Limited and Sunland Group Limited, Director of Raptis Group Limited and C.V.C. Investment Managers Pty Limited.

John Douglas Read (Non Executive Director)

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

Board Member since 1989. Mr Read is a Director of Pacific Communications Holdings Limited, Macarthur National Limited and CVC Investment Managers Pty Limited. Mr Read is a Fellow of the Australian Institute of Company Directors.

Paul Brazenor (Non Executive Director)

B.Econ. (Hons.), M.B.A., F.C.P.A., C.F.P.

Board Member since 1992. Currently consultant to Davey Financial Management, Director of Brazenor Financial Consulting Pty Limited and Australia Forest Holdings Limited.

SHARE OPTIONS

No director has received, been granted or exercised any options during the year.

During the year 379,556 options expired unexercised.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

Accordingly, there are no unissued shares for which options are outstanding at the date of this report.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the share capital of the Company as notified by the directors to the Australian Stock Exchange Limited in accordance with section 235(1) (a) of the Corporations Law, at the date of this report is as follows:

	Ordinary Shares
Mr J.S. Leaver	13,498,358
Mr J.D. Read	13,761,720
Mr P.G. Brazenor	-

At the date of this report no Director held an interest in the share capital of any controlled entities.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the accounts) by reason of a contract made by the Company or a related corporation with the Director, with a firm of which he is a member, or a company in which he has a substantial financial interest other than the provision of management consultancy services by a company in which Messrs Leaver and Read were Directors, as detailed in Note 5 and Note 22 to the accounts.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

INDEMNIFICATION

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

INSURANCE PREMIUMS

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

Continental Venture Capital Limited has paid insurance premiums in respect of directors and officers legal expense insurance for directors and officers of the Company, its controlled entities and certain other directorships of associated companies.

In accordance with subsection 309A(3)(d) of the Corporations Law further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

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

Dated at Sydney this 24th day of September, 1996.

JOHN SCOTT LEAVER
Director

JOHN DOUGLAS READ
Director

**FINANCIAL
STATEMENTS**
**For the year ended
June 30, 1996**

**BALANCE SHEETS AS AT
JUNE 30, 1996**

	Notes	Economic Entity		Chief Entity	
		1996 \$	1995 \$	1996 \$	1995 \$
CURRENT ASSETS					
Cash		19,426,211	25,684,641	10,705,093	9,943,419
Receivables	8	3,027,529	37,376,823	2,154,908	33,192,458
Inventories	9	4,955,826	3,174,034	2,633,791	-
Investments	10	8,299,948	10,947,124	8,295,948	10,933,655
Other	12	214,301	57,227	-	-
Total Current Assets		35,923,815	77,239,849	23,789,740	54,069,532
NON-CURRENT ASSETS					
Receivables	8	5,168,545	1,650	5,168,545	10,550
Investments	10	907,417	881,643	1,405,305	1,832,468
Property, Plant and Equipment	11	666,081	1,263,390	-	-
Other	12	-	469,607	-	469,607
Total Non Current Assets		6,742,043	2,616,290	6,573,850	2,312,625
TOTAL ASSETS		42,665,858	79,856,139	30,363,590	56,382,157
CURRENT LIABILITIES					
Creditors and Borrowings	14	3,468,412	8,370,662	1,801,451	1,696,626
Provisions	15	719,496	355,933	625,628	-
Total Current Liabilities		4,187,908	8,726,595	2,427,079	1,696,626
NON-CURRENT LIABILITIES					
Creditors and Borrowings	14	219,679	185,817	7,474,766	-
Provisions	15	71,104	22,651	-	-
Total Non-Current Liabilities		290,783	208,468	7,474,766	-
TOTAL LIABILITIES		4,478,691	8,935,063	9,901,845	1,696,626
NET ASSETS		\$38,187,167	\$70,921,076	\$20,461,745	\$54,685,531
SHAREHOLDERS' EQUITY					
Share Capital	16.2	25,025,100	25,850,311	25,025,100	25,850,311
Reserves	17	6,321,742	43,131,086	5,622,400	42,446,489
Retained Profits or (Accumulated Losses)		6,365,455	6,146,780	(10,185,755)	(13,611,269)
Shareholders' Equity attributable to Members of the Holding Company		37,712,297	75,128,177	20,461,745	54,685,531
Outside equity interests in controlled entities	18.3	474,870	(4,207,101)	-	-
TOTAL SHAREHOLDERS' EQUITY		\$38,187,167	\$70,921,076	\$20,461,745	\$54,685,531

The accompanying notes form part of these financial statements.

**PROFIT & LOSS ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Notes	Economic Entity		Chief Entity	
		1996 \$	1995 \$	1996 \$	1995 \$
Operating Profit before Abnormal Items and Income Tax	2	5,534,229	3,285,964	4,051,142	1,431,150
Abnormal Item	2.2	-	13,601,768	-	-
Operating Profit before Income Tax		5,534,229	16,887,732	4,051,142	1,431,150
Income Tax attributable to Operating Profit	3	-	-	-	-
Operating Profit after Income Tax		5,534,229	16,887,732	4,051,142	1,431,150
Outside equity interests in Operating Profit after Income Tax		(13,742)	26,302	-	-
Operating Profit after Income Tax attributable to Members of the Holding Company		5,520,487	16,914,034	4,051,142	1,431,150
Retained Profits (Accumulated Losses) at the beginning of the financial year		6,146,780	(10,767,254)	(13,611,269)	(15,042,419)
Write off of minority interests in Solatrol Inc.	18.3	(4,676,184)	-	-	-
Total available for appropriation		6,991,083	6,146,780	(9,560,127)	(13,611,269)
Dividends provided for or paid	4	(625,628)	-	(625,628)	-
RETAINED PROFITS OR (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL YEAR		\$6,365,455	\$6,146,780	\$(10,185,755)	\$(13,611,269)

The accompanying notes form part of these financial statements.

**STATEMENTS OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
CASH FLOWS RELATED TO OPERATING ACTIVITIES				
Cash Receipts in the course of operations	15,297,605	17,672,667	3,474,742	354,901
Interest Received	6,976,985	1,741,640	6,301,658	2,432,367
Cash Payments in the course of operations	(15,119,970)	(14,315,032)	(5,721,655)	(1,866,396)
Dividends Received	529,110	462,206	683,777	462,206
Interest Paid	(10,259)	(164,459)	-	-
Other	194,894	150,354	-	-
Net Operating Cash Flows (Note 21.2)	7,868,365	5,547,376	4,738,522	1,383,078
CASH FLOWS RELATED TO INVESTING ACTIVITIES				
Payments for Purchases of Property, Plant and Equipment	(68,711)	(250,809)	-	-
Proceeds from Sale of Property, Plant and Equipment	304,188	5,300	-	-
Payments for Purchase of Equity Investments	(4,440,894)	(13,197,275)	(4,440,894)	(13,183,806)
Proceeds from Sale of Equity Investments	5,574,115	8,465,188	5,563,280	8,456,367
Proceeds from Sale of Controlled Entities	-	12,500,000	-	-
Loans Provided	(10,971,918)	(6,159,528)	(5,662,445)	(7,390,853)
Loans Repaid	36,789,205	37,935,576	34,965,180	42,629,998
Other	-	(79,272)	-	-
Net Investing Cash Flows	27,185,985	39,219,180	30,425,121	30,511,706
CASH FLOWS RELATED TO FINANCING ACTIVITIES				
Cash proceeds from Issue of Shares	-	4,800	-	4,800
Borrowings	-	-	3,583,402	-
Repayment of Borrowings	(3,129,492)	(289,389)	-	-
Share Buyback	(680,423)	-	(680,423)	-
Bank Bills Matured	-	-	-	250,000
Redemption of Preference Shares	(37,304,948)	(29,365,600)	(37,304,948)	(29,365,600)
Other	(45,505)	-	-	-
Net Financing Cashflows	(41,160,368)	(29,650,189)	(34,401,969)	(29,110,800)
RECONCILIATION OF CASH				
Net Increase/Decrease in Cash Held	(6,106,018)	15,116,367	761,674	2,783,984
Cash at Beginning of Year	25,532,229	10,497,212	9,943,419	7,159,435
Exchange Rate Adjustments	-	(81,350)	-	-
CASH AT END OF YEAR (Note 21.1)	\$19,426,211	\$25,532,229	\$10,705,093	\$9,943,419

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of these Financial Statements are:

1.1 Basis of Preparation

The Financial Statements are a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Law and Schedule 5 to the Corporations Regulations. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied by the entities in the Economic Entity and, except where there is a note of a change in accounting policy, are consistent with those of the previous year.

1.2 Principles of Consolidation

The consolidated accounts of the Economic Entity include the accounts of the Company, being the chief entity, and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the consolidated accounts have been eliminated.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated accounts.

1.3 Investments

Controlled Entities:

Investments in controlled entities are carried in the Company's accounts at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit and loss account when they are proposed by the controlled entities.

Associated Companies:

An associated company is one in which:

- the Economic Entity exercises significant influence; and
- the investment is long-term.

Investments in associated companies are carried at the lower of cost and recoverable amount. In the case of interim dividends, dividends are brought to account in the profit and loss account as they are received, or in the case of final dividends after they have been declared by the associated company in general meeting.

Information prepared on an equity accounting basis is set out in Note 20.

Other Companies:

Investments in other companies are carried at the lower of cost, or recoverable amount, being a directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1: Statement of Accounting Policies (cont'd)

1.4 Income Tax

The Economic Entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit, adjusted for any permanent differences between taxable and accounting income.

The tax effect of timing differences which arise from items being brought to account in different accounting periods for income tax and accounting purposes is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

1.5 Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments, readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

1.6 Inventories

Inventories are carried at the lower of cost and net realisable value.

Manufacturing Activities:

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of both variable and fixed costs. Fixed costs have been allocated on the basis of normal operating capacity.

Net Realisable Value:

Net realisable value is determined on the basis of each entity's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

1.7 Property, Plant and Equipment

Acquisition:

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

The cost of property, plant and equipment constructed by controlled entities includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads.

Depreciation and Amortisation:

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised over their estimated useful lives.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Leased Plant and Equipment:

Leases 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.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1: Statement of Accounting Policies (cont'd)

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. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the Economic Entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the profit and loss account.

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.

1.8 Provisions

Employee Entitlements:

The provision for employee entitlements in relation to wages, sick leave and annual leave represents the amount which the Economic Entity has a present obligation to pay resulting from employee's services provided up to balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on costs.

Long Service Leave

The liability for employee entitlements in relation to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the Economic Entity's experience with staff departures. Related on-costs have also been included in the liability.

Doubtful Debts:

The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts.

Warranties:

Provision is made for the Economic Entity's estimated liability on all products still under warranty and includes claims already received. The estimate is based on the Economic Entity's warranty costs experience over previous years.

1.9 Share Issue Expenses

Share issue expenses with respect to the Redeemable Convertible Preference Share issues are deferred and amortised over the five year periods to the redemption dates.

1.10 Land Held for Sale

Valuation:

Development properties are carried at the lower of cost and net realisable value. Cost includes the costs of acquisition, development, and holding costs such as interest, rates and taxes. Interest and other holding costs incurred after completion of development are expensed as incurred.

Recognition of Income:

Income from sales is recognised when unconditional contracts are exchanged and at least ten per cent of the contract sale price is received.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1: Statement of Accounting Policies (cont'd)

1.11 Revenue and Revenue Recognition

Sales Revenue:

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to entities outside the Economic Entity. Sales revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

Interest Income:

Interest income is recognised as it accrues unless collectability is in doubt.

Asset Sales:

The gross proceeds of asset sales received or receivable are included as revenue of the entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Other Revenue

Revenue recognition policies for investments and land held for resale are described in Notes 1.3 and 1.10.

1.12 Foreign Currency

Transactions:

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the profit and loss account in the financial year in which the exchange rates change.

Translation of Controlled Foreign Entities:

The balance sheets of the controlled entities incorporated overseas (being self-sustaining foreign operations) are translated at the rates of exchange ruling at balance date. The profit and loss accounts are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

1.13 Non Current Assets

The carrying amounts of all non current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

1.14 Research and Development Costs

Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond any reasonable doubt, in which case it is deferred and amortised over the shorter of the period in which the related benefits are expected to be realised or five years.

All deferred research and development expenditure is reviewed in accordance with this policy.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 1: Statement of Accounting Policies (cont'd)

1.15 Joint Venture

The Economic Entity's interest in an unincorporated joint venture is brought to account by including its interest in the following amounts in the appropriate categories in the balance sheet and profit and loss account:

- each of the individual assets employed in the joint venture;
- liabilities incurred by the economic entity in relation to the joint venture and the liabilities for which it is jointly and/or severally liable; and
- expenses incurred in relation to the joint venture.

1.16 Comparative Figures

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 2: OPERATING PROFIT				
Operating Profit before Income Tax has been determined after:				
2.1 Crediting as Operating Revenue				
Sales Revenue	16,823,347	27,508,453	7,009,171	10,776,589
Other Operating Revenue:				
Interest received or receivable from:				
Related Bodies Corporate	-	-	3,998,545	6,083,733
Other Corporations	7,410,448	7,325,990	2,941,211	1,881,412
Dividends received or receivable from:				
Related Bodies Corporate	-	-	154,666	-
Other Corporations	528,516	462,206	528,516	462,206
Proceeds on Sale of Plant and Equipment	604,188	5,300	-	-
Loan Recoveries	-	-	4,480	352,372
Loan Writeback	-	-	-	322,528
Royalties	660,749	22,632	-	-
Grants and subsidies	228,981	149,997	-	-
Underwriting Fees	-	334,500	-	334,500
Facility Fees	400,000	-	400,000	-
Profit on share buyback	68,874	-	68,874	-
Sundry Revenue	72,647	788,222	70,850	16,650
Abnormal Item:				
Sale of Controlled Entity	-	15,000,000	-	-
	\$26,797,750	\$51,597,300	\$15,176,313	\$20,229,990
2.2 Abnormal Item				
Revenue on Sale of Controlled Entities	-	15,000,000	-	-
Net Expenses in Relation to Sale of Controlled Entities	-	(1,398,232)	-	-
Profit on Sale of Controlled Entities	\$Nil	\$13,601,768	\$Nil	\$Nil
No income tax was applicable to the abnormal items.				
2.3 Sales of non current assets				
Profit on sale of property, plant and equipment	\$270,884	\$ Nil	\$ Nil	\$ Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 2: Operating Profit (cont'd)

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
2.4 Charging as Expenses				
Interest paid or payable to:				
Related Bodies Corporate	-	-	307,726	-
Other Corporations	20,826	12,916	-	-
Finance charges on Finance Leases	3,665	6,859	-	-
Depreciation of Property, Plant and Equipment	204,020	681,598	-	-
Rental expense on Operating Leases	334,658	183,014	-	-
Loss on Sale of Property, Plant & Equipment	24,180	6,914	-	-
Loss on Sale of Investments	1,200,280	288,522	1,200,280	288,522
Loans Written off	-	538,878	133,269	1,397,381
Writedown of Investments	-	312,793	457,953	2,104,352
Writedown on Foreclosure of net assets of controlled entity	868,837	-	-	-
Unrealised Loss on Short Term Investments	444,332	2,140,354	444,332	2,019,634
Net foreign exchange loss	179,587	68,633	-	-
Underwriting Fee	-	210,000	-	210,000
Bad debts written off	39,727	17,018	-	-
Research and development	106,567	-	-	-
Transfers to (from) Provisions:				
Provision for Loans	457,228	-	545,928	1,338,344
Doubtful Trade Debtors	650,000	12,500	-	-
Warranties	(50,432)	110,093	-	-
Foreign currency translation	106,557	-	-	-
Employee Entitlements	(72,695)	2,245	-	-
Amortisation of:				
Capitalised Leased Assets	8,709	12,942	-	-
Deferred Capital Raising Costs	469,607	923,418	469,607	923,418

NOTE 3: INCOME TAX

3.1 The Prima Facie tax on Operating Profit is reconciled to the Income Tax provided in the Accounts as follows:

Prima Facie Tax on Operating Profit before Income Tax at 36% (1995: 33%)	1,992,322	5,572,951	1,458,411	472,280
Add (Less) the Tax Effect of permanent differences:				
Amortisation of Capital Raising Costs	169,059	304,728	169,059	304,728
Write Down of Listed Shares	159,960	666,479	159,960	666,479
Provision movements	184,314	34,352	-	-
Dividend Rebate	(245,708)	-	(245,708)	-
Sundry Items	(36,687)	(428,376)	(23,295)	7,755
Tax Losses Transferred from Related Company	-	-	(1,518,427)	(1,451,242)
Recovery of Tax Losses Previously not brought to Account	(2,223,260)	(6,150,134)	-	-
	\$Nil	\$Nil	\$Nil	\$Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 3: Income Tax (cont'd)

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
3.2 Future Income Tax Benefits not brought to Account				
Tax Losses carried forward	\$4,287,272	\$13,439,955	\$Nil	\$Nil

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the Economic Entity in accordance with Section 80G of the Income Tax Assessment Act 1936;
- (ii) the relevant company and/or the Economic Entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the Economic Entity in realising the benefit.

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 4: DIVIDENDS				

Dividends provided for or paid by the Company:

Final ordinary dividend declared of 0.5 cents per share, franked to 100% with class C (36%) franking credits:

	\$625,628	\$Nil	\$625,628	\$Nil
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Estimated amount of unappropriated profits and reserves which could be distributed as franked dividends out of existing franking credits or out of franking credits arising from the payment of income tax in respect of the current year's profits and after deducting franking credits to be used in payment of the above dividend:

Franked at 33%	-	124,378	-	124,378
Franked at 39%	-	377,102	-	377,102
Class C	429,294	-	429,294	-
	\$429,294	\$501,480	\$429,294	\$501,480

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 5: REMUNERATION OF DIRECTORS AND EXECUTIVES

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
5.1 Directors' Remuneration				
Total Income received or due and receivable by all Directors of the Company from the Company or related bodies corporate			\$44,236	\$30,000
Total Income received, or due and receivable, by all directors of each entity in the Economic Entity from the Company, related bodies corporate or controlled entities	\$371,526	\$536,581		

Management fees were paid to CVC Investment Managers Pty Limited as disclosed in Note 22.

The number of Directors of the Company whose income from the Company or related bodies corporate falls within the following bands:

		1996	1995
		No.	No.
\$0	- \$ 9,999	2	-
\$10,000	- \$19,999	-	2
\$20,000	- \$29,999	2	-

5.2 Executive Officers' Remuneration

No amounts were received or due and receivable by executive officers of the Company whose income from the Company or any related corporations exceeded \$100,000.

The number of executive officers of the Economic Entity whose income from controlled entities within the Economic Entity exceeded \$100,000 falls within the following bands:

		Economic Entity	
		1996	1995
		No.	No.
\$100,000	- \$110,000	1	1
\$110,001	- \$120,000	1	-
\$120,001	- \$130,000	-	1

		1996	1995
		\$	\$
Total Income received, or due and receivable, from the Company, entities in the Economic Entity, or related entities by executive officers of the Economic Entity whose incomes exceed \$100,000.		\$222,182	\$226,367

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 6: AUDITORS' REMUNERATION				
Amounts received or due and receivable for audit services by:				
Auditors of the Company	55,606	56,796	20,000	14,000
Other Auditors	2,676	4,348	-	-
	\$58,282	\$61,144	\$20,000	\$14,000
Amounts received or due and receivable for other services by the auditors of the Company				
	\$4,500	\$5,890	\$4,500	\$4,000

The Auditors received no other benefits.

	Economic Entity	
	1996	1995
	\$	\$
NOTE 7: EARNINGS PER SHARE		
Basic Earnings per Share (dollars per share)	0.04	0.13
Diluted Earnings per Share (dollars per share)	0.03	0.06
Reconciliation of earnings used in the calculation of earnings per share:		
Operating profit after income tax	5,534,229	16,887,732
Less: Outside equity interests	(13,742)	26,302
Earnings used in the calculation of basic earnings per share and diluted earnings per share	\$5,520,487	\$16,914,034

	Number of Shares	
	1996	1995
Weighted average number of ordinary shares used in the calculation of basic earnings per share	127,786,986	128,864,575
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	203,282,036	279,360,107

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 8: RECEIVABLES				
Current				
Trade Debtors	2,043,277	2,714,355	-	314,457
Less Provision for Doubtful Debts	(694,055)	(30,405)	-	-
	1,349,222	2,683,950	-	314,457
Zero coupon deposit funds held to facilitate redemption of Convertible Redeemable Preference Shares	-	27,189,791	-	-
Interest Bearing Deposits	47,500	200,000	47,500	200,000
Interest Receivable	46,001	-	45,231	-
Other Debtors	1,584,806	2,890,246	901,650	-
Loans to Other Corporations	-	4,412,836	-	4,412,836
Loans to Related Corporations	-	-	2,618,803	29,603,509
Provision for loans to related corporations	-	-	(1,458,276)	(1,338,344)
Total Current Receivables	\$3,027,529	\$37,376,823	\$2,154,908	\$33,192,458
Non-Current				
Loans to Controlled Entities	-	-	-	8,900
Loans to Other Corporations	5,594,543	1,650	5,594,543	1,650
Provision for interest not received on loans to other corporations	(425,998)	-	(425,998)	-
Total Non-Current Receivables	\$5,168,545	\$1,650	\$5,168,545	\$10,550
NOTE 9: INVENTORIES				
Current				
Land for Development - at cost	3,017,291	312,103	1,710,249	-
Development Costs capitalised	938,894	654,466	923,542	-
	3,956,185	966,569	2,633,791	-
Raw Materials - at net realisable value	425,077	1,231,027	-	-
Work in Progress - at cost	215,763	432,981	-	-
Finished Goods - at cost	358,801	543,457	-	-
	999,641	2,207,465	-	-
Total Current Inventories	\$4,955,826	\$3,174,034	\$2,633,791	\$Nil

Development Costs include holding costs, rates, interest, taxes and other amounts capitalised.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 10: INVESTMENTS				
Current				
Shares in Quoted Corporations at directors valuation (1996):	8,299,948	10,336,104	8,295,948	10,322,635
Other Unquoted Corporations at cost	-	611,020	-	611,020
Total Current Investments	\$8,299,948	\$10,947,124	\$8,295,948	\$10,933,655
Directors have valued shares in quoted corporations at the lower of cost and market value. Shares in Quoted Corporations include an investment in Sunland Group Limited at a cost of \$4,158,022. The market value of the shares in Sunland Group Limited at 30 June 1996 was \$10,323,625.				
Market Value of Shares in Quoted Corporations	\$14,892,045	\$11,510,316	\$14,892,045	\$11,505,196
Non-Current				
Investments comprise shares in:				
Controlled Entities (refer Note 18)				
Unlisted, at directors valuation	-	-	500,000	957,953
Unlisted, at cost			5,088	72
Other Quoted Corporations at cost	826,460	826,460	826,460	826,460
Associated Company at cost (1995: market)	80,957	55,183	73,757	47,983
Total Non-Current Investments	\$907,417	\$881,643	\$1,405,305	\$1,832,468
Quoted Market Value of Shares in:				
Other Corporations	1,363,725	1,567,500	1,363,725	1,567,500
Associated Companies	482,714	320,672	103,432	47,983
	\$1,846,439	\$1,888,172	\$1,467,157	\$1,615,483

Directors' valuation of the unlisted controlled entity was based on the estimated recoverable amount of the investment being less than cost.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT				
Plant and Equipment				
At cost	2,211,296	4,420,831	19,990	19,990
Less: Accumulated Depreciation	(1,624,505)	(3,192,266)	(19,990)	(19,990)
	586,791	1,228,565	-	-
Leasehold Improvements				
At cost	43,776	217,051	-	-
Less: Accumulated Amortisation	(18,666)	(190,757)	-	-
	25,110	26,294	-	-
Leased Plant and Equipment				
Capitalised Present Value of Future Lease Payments	59,581	24,870	-	-
Less: Accumulated Amortisation	(5,401)	(16,339)	-	-
	54,180	8,531	-	-
Total Property, Plant & Equipment	\$666,081	\$1,263,390	\$Nil	\$Nil
NOTE 12: OTHER ASSETS				
Current				
Prepayments and Deposits	\$214,301	\$57,227	\$Nil	\$Nil
Non-Current				
Deferred Share Issue Expenses	4,582,180	4,582,180	4,582,180	4,582,180
Less: Accumulated Amortisation	(4,582,180)	(4,112,573)	(4,582,180)	(4,112,573)
Total Non-Current Other Assets	\$Nil	\$469,607	\$Nil	\$469,607
NOTE 13: FINANCING ARRANGEMENTS				
The Economic Entity has access to the following lines of credit:				
Total facilities available:				
Bank Overdraft	\$100,000	\$250,000	\$Nil	\$Nil
Facilities utilised at balance date:				
Bank Overdraft	\$Nil	\$152,374	\$Nil	\$Nil
Facilities not utilised at balance date:				
Bank Overdraft	\$100,000	\$97,626	\$Nil	\$Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 14: CREDITORS AND BORROWINGS				
Current				
Bank Overdraft - secured	-	152,375	-	-
Trade Creditors	1,115,134	1,683,416	579,783	504,926
Sundry Creditors and Accruals	378,288	366,979	17,665	33,500
Lease Liability	14,491	41,369	-	-
Loans from Other Persons	693,879	1,966,366	-	-
Redemption Creditors	241,486	634,400	241,486	634,400
Unearned Income - Research and Development	-	2,995,014	-	-
Other Unearned Income	1,025,134	530,743	962,517	523,800
Total Current Creditors and Borrowings	\$3,468,412	\$8,370,662	\$1,801,451	\$1,696,626
Non-Current				
Lease Liability	43,486	-	-	-
Loans from Other Persons	176,193	185,817	-	-
Loans from controlled entities	-	-	7,474,766	-
Total Non-Current Creditors and Borrowings	\$219,679	\$185,817	\$7,474,766	\$Nil
NOTE 15: PROVISIONS				
Current				
Warranties	17,500	158,417	-	-
Employee Entitlements	76,368	197,516	-	-
Dividends	625,628	-	625,628	-
Total Current Provisions	\$719,496	\$355,933	\$625,628	\$Nil
Non-Current				
Employee Entitlements	\$71,104	\$22,651	\$Nil	\$Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Economic Entity		Chief Entity	
1996	1995	1996	1995
\$	\$	\$	\$

NOTE 16: SHARE CAPITAL

16.1 Authorised Capital

250,000,000 Ordinary Shares of 20c each	50,000,000	50,000,000	50,000,000	50,000,000
2,000,000,000 Convertible Redeemable Preference Shares of 0.1c each	2,000,000	2,000,000	2,000,000	2,000,000
	\$52,000,000	\$52,000,000	\$52,000,000	\$52,000,000

16.2 Issued Capital

125,125,500 Ordinary Shares of 20c each, fully paid (1995: 128,860,000)	25,025,100	25,774,400	25,025,100	25,774,400
Nil Convertible Redeemable Preference Shares of 0.1c each, fully paid (1995: 75,911,100)	-	75,911	-	75,911
	\$25,025,100	\$25,850,311	\$25,025,100	\$25,850,311

On 21 February 1996 the Company commenced an on-market share buyback scheme. A total of 3,746,500 shares were bought back under the Scheme (total and pre 30 June) which ended on 21 August 1996.

Total consideration paid for the shares was \$681,364.80 at prices varying from 18c to 19c per share.

All remaining convertible redeemable preference shares held in the Company were redeemed on 28 June 1996. No preference shares were converted to ordinary shares during the year.

Economic Entity		Chief Entity	
1996	1995	1996	1995
\$	\$	\$	\$

NOTE 17: RESERVES

Share Premium Reserve	5,633,395	42,457,484	5,622,400	42,446,489
Capital Profits Reserve	350,000	350,000	-	-
Foreign Currency Translation Reserve	338,347	323,602	-	-
	\$6,321,742	\$43,131,086	\$5,622,400	\$42,446,489

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 17: Reserves (cont'd)

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
Movements in Reserves:				
Share Premium Reserve				
Balance at the beginning of the year	42,457,484	72,380,084	42,446,489	72,369,089
Add premium on ordinary shares issued during the year	-	2,400	-	2,400
Less premium on preference shares redeemed during the year	(36,824,089)	(29,925,000)	(36,824,089)	(29,925,000)
Balance at the end of the year	\$5,633,395	\$42,457,484	\$5,622,400	\$42,446,489
Foreign Currency Translation Reserve				
Balance at the beginning of the year	323,602	264,291	-	-
Increment/(decrement) upon translation of subsidiaries' accounts denominated in foreign currencies	14,745	59,311	-	-
Balance at the end of the year	\$338,347	\$323,602	\$Nil	\$Nil
Capital Profit Reserve				
Balance at the beginning of the year	350,000	74,325	-	74,325
Less reserve revaluation on write off of investments	-	(74,325)	-	(74,325)
Add reserve not previously brought to account	-	350,000	-	-
Balance at the end of the year	\$350,000	\$350,000	\$Nil	\$Nil

NOTE 18: CONTROLLED ENTITIES

No dividends were received or receivable from any entity within the economic entity, except a dividend of \$154,667 from Tetley Manufacturing Limited.

All companies are incorporated in Australia except as follows;

Laserex Inc, Laserpro, Solatrol Inc - United States of America.
Geneva Truehand Plc - Ireland.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 18: Controlled Entities (cont'd)

18.1 Particulars in Relation to Controlled Entities

	Interest Held		Carrying Amount of Investment		Contribution to Consolidated Profit	
	1996 %	1995 %	1996 \$	1995 \$	1996 \$	1995 \$
Continental Venture Capital Limited					870,782	(1,265,824)
Controlled Entities:						
Biomedical Systems Pty Limited	100	100	-	-	3,313	(494,575)
Continental Venture Enterprises Limited	100	100	1	1	3,751,167	5,307,285
CVC Investments Pty Limited	100	100	2	2	-	-
CVC Waste Management Pty Limited	100	100	-	-	97,302	-
Kingarrow Pty Limited	100	100	2	2	412,685	1,332,570
Kingrose Developments Pty Limited	51	51	-	-	-	-
Kingrose Development Trust	51	51	-	-	-	-
Geneva Truehand Plc	51	51	-	-	-	-
Campburn Pty Limited	100	60	60	60	(11,298)	(2,387)
Mosman Development Trust	50	-	5	-	716	-
CVC Capital Partners Pty Limited <i>(Formerly CVC Pay TV Pty Ltd)</i>	100	100	2	2	-	-
CVC Pay TV Trust	100	100	-	-	192,204	13,601,768
Laserex Limited	98.66	98.07	5,016	-	(3,108)	-
CVC Communication and Technology Pty Ltd	98.66	98.07	-	-	378,199	(430,860)
Laserex Inc	75	53	-	-	(37,456)	(58,548)
Laserex Technologies Pty Limited	75	53	-	-	34,709	(61,947)
Laserpro	100	100	-	-	-	(8,078)
Solatrol Australasia Pty Limited	100	100	-	-	-	-
Solatrol Inc	82	82	-	-	(584,636)	(1,632,322)
Solatrol Distribution	100	100	-	-	(57,348)	(21,443)
Tetley Manufacturing Limited	78	78	500,000	957,953	473,256	646,832
Tetley Research Pty Limited	78	78	-	-	-	1,563
Tetley Marketing Pty Limited	78	78	-	-	-	-
Tork Pty Limited	80	78	-	-	<u>\$5,520,487</u>	<u>\$16,914,034</u>

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 18: Controlled Entities (cont'd)

18.2 Acquisition/Disposal of Controlled Entities

The following controlled entities were acquired or disposed of during the financial year:

	Consideration	Net Tangible Assets at Date of Acquisition / Disposal	Economic Entity Profit/(Loss) on Disposal	Chief Entity's Interest
	\$	\$	\$	%
Acquisitions				
1996				
Mosman Development Trust	5	-	N/A	50
1995				
Laserex Limited	-	2	N/A	98.07
CVC Communication and Technology Pty Limited	-	2	N/A	98.07
Disposals				
1996				
Solatrol Limited	-	-	-	100
Biomedical Holdings Ltd	-	-	-	100
Biomedical Systems Agencies Pty Ltd	-	-	-	100
Trentdale Investments Pty Ltd	-	-	-	70

The above companies were all deregistered during the year.

1995				
Continental Century Pty Ltd	15,000,000	(75,607)	15,075,606	100
Continental Century Pay TV Pty Ltd	-	(74,862)	74,862	91.5

18.3 Outside Equity Interests

	Shares	Issued and Paid up Capital		Shares held by Outside Equity Interests	
		1996	1995	1996	1995
		\$	\$	\$	\$
Solatrol Inc	ord	7,578,355	7,578,355	-	1,364,104
Tetley Manufacturing Limited	\$0.20 ord	5,132,627	5,132,627	1,129,178	1,129,178
Laserex Inc	\$1 US ord	92,480	92,480	24,369	43,466
Kingrose Developments Pty Ltd	\$1 ord	100	100	49	49
Campburn Pty Ltd	\$1 ord	100	100	-	40
Trentdale Investments Pty Limited	\$0.20 ord	10	10	-	3
Tork Pty Limited	\$0.20 ord	1,187,503	1,187,503	233,226	261,250
Laserex Limited	\$0.20 ord	490,392,409	490,392,409	6,571,258	9,464,573
Geneva Truehand Plc	£ 1 ord	100	100	49	49
Mosman Development Trust	units	10	-	5	-

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

The minority interest in Solatrol Inc of \$(4,676,184) has been written off at year end. This amount represented the minorities interest in the Solatrol Inc's equity deficiency. Solatrol Inc has ceased to trade. The directors believe this amount is not recoverable.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 18: Controlled Entities (cont'd)

	Economic Entity	
	1996	1995
	\$	\$
18.4 Outside Equity Interests in Controlled Entities comprise:		
Interest in retained profits at the beginning of the financial year	(16,931,306)	(7,641,598)
Interest in operating profit and extraordinary items after income tax	(13,742)	26,302
Interest in dividends provided or paid	45,504	-
Share of retained profits (losses) in controlled entities acquired / disposed of during the year.	9,140,234	(9,316,010)
Interest in retained profits (losses) at end of the financial year	(7,759,310)	(16,931,306)
Interest in share capital	7,958,134	12,262,712
Interest in reserves	276,046	461,493
Total outside equity interests	\$474,870	\$(4,207,101)

NOTE 19: OPERATIONS BY SEGMENTS

19.1 Geographical Segments

	Australia	US	Economic
	\$	\$	Entity
			\$
1996:			
Revenue from Customers Outside the Group	\$24,836,563	\$1,961,187	\$26,797,750
Segment Results	\$6,208,387	\$(674,158)	\$5,534,229
Segment Assets	\$41,557,847	\$1,108,011	\$42,665,858
1995:			
Revenue from Customers Outside the Group	\$47,428,814	\$4,168,486	\$51,597,300
Segment Results	\$19,004,077	\$(2,116,345)	\$16,887,732
Segment Assets	\$76,795,383	\$3,060,756	\$79,856,139

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 19: Operations By Segments (cont'd)

19.2 Industrial Segments

	Medical	Investment and Venture Capital	Electronics	Property Development	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
1996:						
Revenue from Customers						
Outside the Group	4,701,110	14,178,116	3,937,142	3,981,382	-	26,797,750
Intersegment Revenue	-	346,382	-	-	(346,382)	-
Total Revenue	\$4,701,110	\$14,524,498	\$3,937,142	\$3,981,382	\$(346,382)	\$26,797,750
Segment Result	\$660,658	\$4,570,929	\$(110,759)	\$413,401	\$ Nil	\$5,534,229
Segment Assets	\$2,151,715	\$30,440,452	\$1,612,734	\$8,460,957	\$ Nil	\$42,665,858
1995:						
Revenue from Customers						
outside the Group	4,063,259	33,906,908	6,889,766	6,737,367	-	51,597,300
Intersegment Revenue	-	6,772,976	-	-	(6,772,976)	-
Total Revenue	\$4,063,259	\$40,679,884	\$6,889,766	\$6,737,367	\$(6,772,976)	\$51,597,300
Segment Result	\$319,018	\$17,572,367	\$(2,336,223)	\$1,332,570	\$ Nil	\$16,887,732
Segment Assets	\$5,120,953	\$69,708,968	\$3,396,525	\$1,629,693	\$ Nil	\$79,856,139

Inter - segment pricing is determined on an arms length basis

NOTE 20: INVESTMENTS IN ASSOCIATED COMPANIES

Associated Companies

Details of material interests in associated companies are as follows:

Name	Principal Activities	Place of Incorporation	Class of Share	Interest			
				Economic Entity		Chief Entity	
				1996	1995	1996	1995
				%	%	%	%
Macarthur National Limited	Investment	Australia	Ord	23.7	14.4	5.08	3.1

The balance date of the associated company is 30 June.

Name	Investment Carrying Amount				Dividends Received/Receivable			
	Economic Entity		Chief Entity		Economic Entity		Chief Entity	
	1996	1995	1996	1995	1996	1995	1996	1995
	\$	\$	\$	\$	\$	\$	\$	\$
Macarthur National Limited	80,957	73,491	73,757	66,291	Nil	Nil	Nil	Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 20: Investments In Associated Companies(cont'd)

	1996	1995
	\$	\$
Equity Information		
Investments in associated companies are accounted for on a cost basis in the Company accounts and the consolidated accounts. Information about the investments under the equity accounting method is set out below.		
Share of associated company's operating profit and extraordinary items after income tax.	59,130	40,316
Share of associated company's (accumulated losses) at the beginning of the year	(635,191)	(675,507)
Share of associated company's (accumulated losses) acquired during the year	(420,221)	-
Total share of post-acquisition increase in associated company's reserves not brought to account in the consolidated accounts	\$ (996,282)	\$ (635,191)
Cost of investment	\$80,957	\$73,491
Equity accounted amount of investment	\$Nil	\$Nil

On 18 September 1996, Macarthur National Limited recovered \$461,535 of its loan to Aust-Wide Management Limited [(Receiver Appointed) by Macarthur National Limited] arising from a refund by the Chief Commissioner of Stamp Duties. The Company should also be entitled to subsequent receipts for legal costs incurred in this action in accordance with Orders of the Court.

The loan recovery will be recognised as an abnormal profit in the 1996/97 period.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 21: STATEMENT OF CASH FLOWS				
21.1 Reconciliation of Cash				
Cash Balance Comprises				
Cash on Hand	3,649,359	5,637,229	3,068,656	2,401,613
Bank Overdraft	-	(152,374)	-	-
Cash on Deposit	15,776,852	20,047,374	7,636,437	7,541,806
	\$19,426,211	\$25,532,229	\$10,705,093	\$9,943,419
21.2 Reconciliation of the Operating Profit After Tax to the Net Cash Flows from Operations				
Operating Profit After Tax	5,534,229	16,887,732	4,051,142	1,431,150
Depreciation and Amortisation of Property				
Plant and Equipment	204,020	681,598	-	-
Amortisation - Other	478,316	936,360	469,607	923,418
Loss on sale of property, plant & equipment	24,180	-	-	-
Profit of sale of property, plant & equipment	(270,884)	-	-	-
Unrealised Loss on Short Term Investments	444,332	2,140,354	444,332	2,019,634
Write Down of Investments	-	312,793	457,953	2,104,352
Write Down on foreclosure of net assets of controlled entity	868,837	-	-	-
Profit on Short Term Investments	(1,001,267)	(1,961,582)	(997,910)	(1,954,761)
Loss on Short Term Investments	1,200,280	288,522	1,200,280	288,522
Profit on share buyback	(68,874)	-	(68,874)	-
Unrealised Exchange Loss	179,587	-	-	-
Bad and Doubtful Debts	39,727	17,018	-	-
Sale of Controlled Entity	-	(12,500,000)	-	-
Loan Provision	457,228	-	545,928	1,338,344
Loan Writeoffs	-	538,878	133,269	1,397,381
Prior Year Interest Received	-	-	-	188,775
Loan Writeback	-	-	-	(322,528)
Other	42,460	-	(358)	-
Changes in Assets and Liabilities:				
Zero Coupon Receivable	-	(5,307,285)	-	(5,307,285)
Accrued Interest receivable/payable	(421,598)	-	(401,689)	(703,380)
Trade Receivables	238,021	(1,286,323)	3,750	(44,044)
Inventory	(1,202,603)	3,203,739	(2,633,791)	-
Trade Creditors	1,521,217	1,425,218	1,534,883	23,500
Provisions	(240,701)	112,338	-	-
Prepayment	(158,142)	58,016	-	-
Net Cash Flows from Operating Activities	\$7,868,365	\$5,547,376	\$4,738,522	\$1,383,078

21.3 Financing Facilities - Refer Note 13.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 21: Statement Of Cash Flows (cont'd)

	Chief Entity	
	1996	1995
	\$	\$
21.4 Disposal of Controlled Entities		
Consideration:	-	2,500,000
Increase in Accounts Receivable	-	12,500,000
Cash	\$Nil	\$15,000,000

Fair Value of Net Assets of Controlled Entity disposed

Cash	-	83,971
Accounts Receivable	-	3,000
Property Plant and Equipment	-	3,960
Creditors and Borrowings	-	(77,167,537)
Intangible	-	77,001,000
Fair Value of Net Assets	-	(75,606)
Premium on Disposal	-	15,075,606
Cash Consideration	\$Nil	\$15,000,000

NOTE 22: RELATED PARTY INFORMATION

Directors

The names of persons who held the position of Director of the Company at any time during the year ended June 30, 1996 were:

John Scott Leaver
John Douglas Read
Nigel Cameron Stokes (Resigned 16 May 1996).
Paul Geoffrey Brazenor

Details of directors' remuneration, superannuation and retirement payments are set out in Note 5.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

There were no loans to directors during the year or existing at the end of the financial year.

Other Transactions

C.V.C. Investment Managers Pty Limited, of which Messrs Read and Leaver were Directors during the relevant period, is entitled to a management fee of 4% of the funds under management of Continental Venture Capital Limited for providing fund raising, accounting, secretarial and management services. C.V.C. Investment Managers Pty Limited is responsible for the remuneration of several Directors and Executive Officers of Continental Venture Capital Limited together with the provision of administration and management services.

Management fees of \$1,255,872 (1995: \$1,330,255) were paid to CVC Investment Managers Pty Limited by Continental Venture Capital Limited during the year.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 22: Related Party Information (cont'd)

CVC Investment Managers Pty Limited received management fees from the controlled entities and associated companies of Continental Venture Capital Limited for the provision of services directly to those companies totalling \$619,173 (1995: \$502,000)

CVC Pay TV Pty Limited is the trustee of the CVC Pay TV Trust. The CVC Pay TV Trust sold, in the prior year, its interest in Continental Century Pty Limited and Continental Century Pay TV Pty Limited. A final trust distribution of \$192,204, (1995: \$13,601,768) was made to CVC Communication and Technology Pty Limited a controlled entity of Continental Venture Capital Limited.

Royalties totaling \$10,602 (1995: \$12,340) were paid by Tetley Manufacturing Limited to Co-Tech Management Pty Limited, of whom a director, Mr William Burch, is a director and shareholder of Tetley Manufacturing Limited and Co-Tech Management Pty Limited. Royalties are based on 1% of receipted sales of Technegas generators.

Continental Venture Capital Limited has lent \$6,740,806 to The Legends Hotel Joint Venture of which it has a 50% interest. A provision of \$425,998 has been made against interest income earned but not received and due on completion of the development. Interest is payable at 11% per annum and capitalised 6 monthly.

Continental Venture Capital Limited has lent funds to Raptis Group Limited. Mr J.D. Read is a director of Macarthur National Limited. Mr J.S. Leaver is a director of Raptis Group Limited. Macarthur National Limited is a co-financier with the Company in a residential property development managed by Raptis Group Limited. At 30 June 1996 the balance of this loan was \$2,011,140 (1995: \$628,800).

Commercial Transactions

Laserex Inc purchased electronic products from Laserex Technologies Pty Limited during the year.

These transactions are in the normal course of business and on normal terms and conditions.

Transfer of Tax Losses

Tax losses were transferred from Solatrol Australasia Pty Limited to Continental Venture Capital Limited, Kingarow Pty Limited and CVC Waste Management Pty Limited for nil consideration.

Partly-owned Controlled Entities

Balances with Entities within Partly Owned Group

The aggregate amounts receivable from, and payable to partly-owned controlled entities by the Company at balance date:

	Chief Entity	
	1996	1995
	\$	\$
Receivables - Current	\$663,879	\$ Nil
Creditors and other liabilities - Non - current	\$6,307,726	\$ Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 22: Related Party Information (cont'd)

Loans

Interest brought to account by the Company in relation to partly owned controlled entities;

	Chief Entity	
	1996	1995
	\$	\$
Interest revenue	\$173,160	\$725,918
Interest paid	-	-
Interest capitalised	307,726	-
Interest expense	<u>\$307,726</u>	<u>\$ Nil</u>

Dividends

Dividends totalling \$154,666 were received by the Chief Entity from Tetley Manufacturing Limited, a partly owned controlled entity.

Wholly owned Group

Details of interests in wholly-owned controlled entities are set out at Note 18.

Loans

Interest revenue brought to account by the Company in relation to loans to wholly owned controlled entities during the year:

	Chief Entity	
	1996	1995
	\$	\$
Interest revenue	\$3,825,385	\$ 5,357,815

Loans between group entities are on commercial terms and conditions except as follows;

- * Loans to Solatrol and Laserex economic entities, which due to uncertainties regarding recovery, have been written off or fully provided for.
- * Loans to Solatrol Distribution Pty Limited and Biomedical Systems Pty Limited are at nil rate of interest.
- * Loans from Kingarow Pty Limited are at nil rate of interest.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Note 22: Related Party Information (cont'd)

Balances with Entities within the Wholly-Owned Group

The aggregate amounts receivable from, and payable to, wholly-owned controlled entities by the Company at balance date:

	Chief Entity	
	1996	1995
	\$	\$
Receivables		
Current	\$518,814	\$27,942,640
Non - Current	\$ Nil	\$8,900
Creditors and other liabilities	\$1,167,040	\$ Nil

Associated Companies

Refer Note 20.

Directors' Shareholding

The relevant interests of directors of the reporting entities and their director-related entities in shares of the entities within the economic entity at year end were as follows:

	Consolidated Number Held		
	1996	1995	Net Increase
	No.	No.	(Decrease)
Continental Venture Capital Limited			
Beneficially Held Ordinary Shares	-	1,006,363	(1,006,363)
Non-Beneficially Held Ordinary Shares	13,761,720	25,635,371	(11,873,651)
Total Ordinary Shares	13,761,720	26,641,734	(12,880,014)

The share transactions relating to the Directors in the period since the last report were:

	Acquisitions	Disposals	Balance
Beneficially Held Ordinary Shares	-	1,006,363*	(1,006,363)
Non-Beneficially Held Ordinary Shares	3,702,327	15,575,978+	(11,873,651)
Total Ordinary Shares	3,702,327	16,582,341	(12,880,014)

There are no outstanding share options in the Company.

* Director resigned from the Company.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

+ Director resigned from a 'director-related' entity.

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
NOTE 23: FOREIGN CURRENCY BALANCES				
The Australian dollar equivalent of unhedged amounts payable and receivable in foreign currencies, calculated at year end exchange rates, are as follows:				
Denominated in United States Dollars:				
Current Receivables	\$248,926	\$545,730	\$Nil	\$Nil
Current Creditors and Borrowings	\$76,294	\$609,649	\$Nil	\$Nil
NOTE 24: COMMITMENTS				
Capital Expenditure Commitments				
Contracted but not provided for and payable: not later than one year	\$5,199,981	\$2,496,350	\$5,199,981	\$2,496,350
Finance Lease Commitments				
Finance lease rentals are payable as follows:				
not later than one year	19,271	-	-	-
later than one year but not later than two years	12,140	43,065	-	-
later than two years but no later than five years	40,158	-	-	-
Amounts Provided in the Accounts:	\$71,569	\$43,065	\$Nil	\$Nil
Current	14,491	41,369	-	-
Non-Current	43,486	-	-	-
Total Lease Liabilities	\$57,977	\$41,369	\$ Nil	\$Nil
Finance Lease Expenditure Not Provided in the Accounts	\$13,592	\$1,696	\$Nil	\$Nil
Operating Lease Commitments				
Future operating lease rentals not provided for in the financial statements and payable:				
not later than one year.	120,225	236,200	-	-
later than one year but not later than two years	58,333	100,000	-	-
later than two years but not later than five years	-	58,333	-	-
	-	-	-	-
	\$178,558	\$394,533	\$Nil	\$Nil

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 25: SUPERANNUATION COMMITMENTS

Neither the Company, nor any entity within the Economic Entity, has established or sponsored a superannuation or retirement benefit plan.

All entities contribute superannuation payments to Third Party Funds in relation to the requirements of the Superannuation Guarantee Levy.

NOTE 26: CONTINGENT LIABILITIES

Kingrose Developments Pty Limited has provided various bank guarantees totalling \$73,850 (1995: \$80,850) in connection with its developments.

The Company, has a 50% interest in the "Legends Hotel" joint venture as disclosed in Note 27. The Company is severably liable for its share of the liabilities incurred by the Joint Venture. As at 30 June 1996 the assets of the joint venture were sufficient to meet such liabilities.

On 24 June 1996 the Company entered into a Finance Agreement with Sunland Southbank Pty Limited and Sunland Group Limited, in respect of a residential property development known as "Sun City Resort". The Company shares in one eighth of the profits and losses of the Development.

NOTE 27: INTEREST IN JOINT VENTURE

The Company holds an interest of 50% (1995 : 0%) in a joint venture, The Legends Hotel Joint Venture, whose principal activity is the development of a 403 room hotel on the Gold Coast , Queensland. For the year ended 30 June 1996 the joint venture did not contribute to the operating profit of the Company or the Economic Entity.

Included in the assets and liabilities of the Company and the economic entity are the following items which represent the Company's and the economic entity's interest in the assets and liabilities employed in the joint venture, recorded in accordance with the accounting policies described in Note 1.15:

	Economic Entity		Chief Entity	
	1996	1995	1996	1995
	\$	\$	\$	\$
CURRENT ASSETS				
Cash	2,444,441	-	2,444,441	-
Other	47,470		47,470	
Total current assets	2,491,911	Nil	2,491,911	Nil
NON-CURRENT ASSETS				
Freehold Land	1,710,249	-	1,710,249	-
Development Costs	923,542	-	923,542	-
Total non-current assets	2,633,791	-	2,633,791	-
Total assets	\$5,125,702	\$ Nil	\$5,125,702	\$ Nil
CURRENT LIABILITIES				
Trade creditors	1,542,300	-	1,542,300	-
Loans	3,583,402	-	3,583,402	-

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1996**

Total Liabilities	\$5,125,702	\$ Nil	\$5,125,702	\$ Nil
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Refer Notes 24 and 26 for details of commitments and contingent liabilities.

NOTE 28: EVENTS SUBSEQUENT TO BALANCE DATE

On 9 September 1996, the Company lent \$4.2 million to Sunland Southbank Pty Limited, to assist in the development of a multistorey residential 266 apartment complex known as "Sun City Resort". The loan was approved on 22 August 1996 at an Extraordinary General Meeting of the Company. The loan is guaranteed by Sunland Group Limited, and is non current.

On 21 August 1996, the Company's on market share buyback scheme terminated. No shares were bought back by the Company in the period 1 July 1996 to 21 August 1996.

STATEMENT BY DIRECTORS

1. In the opinion of the directors of Continental Venture Capital Limited:
 - a) the financial statements set out on pages 11 to 42 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 June 1996, and the state of affairs at 30 June 1996, of the Company and the economic entity;
 - b) the consolidated accounts have been made out in accordance with Divisions, 4A and 4B of Part 3.6 of the Corporations Law; and
 - c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. The financial statements have been made out in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views.

Dated at Sydney this 24th day of September, 1996.

Signed in accordance with a resolution of the directors:

JOHN SCOTT LEAVER

Director

JOHN DOUGLAS READ

Director

AUDITORS' REPORT TO THE MEMBERS OF CONTINENTAL VENTURE CAPITAL LIMITED

Scope

We have audited the financial statements of Continental Venture Capital Limited for the year ended June 30, 1996 consisting of the profit and loss accounts, balance sheets, statements of cash flows, accompanying notes, and the statement by directors as set out on pages 11 to 43. The financial statements comprise the accounts of Continental Venture Capital Limited, and the consolidated accounts of the economic entity comprising Continental Venture Capital Limited and the entities it controlled from time to time during the financial year and at year end. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements and the information they contain in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the economic entity's financial position and the results of their operations and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the financial statements of Continental Venture Capital Limited are properly drawn up:

- a) so as to give a true and fair view of:
 - i) the state of affairs of the Company and of the economic entity as at June 30, 1996 and of the results and cash flows of the Company and of the economic entity for the year ended on that date; and
 - ii) the other matters required by Division 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- b) in accordance with the provisions of the Corporations Law; and
- c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Dated at Sydney this 24th day of September , 1996.

GEERSEN & DRINKWATER
CHARTERED ACCOUNTANTS

RICHARD P. GEERSEN, F.C.A.
Partner

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS AND ITS COMMITTEES

The Board is responsible for the overall Corporate Governance of the economic entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Composition of the Board

The names of the directors of the Company in office at the date of this statement are set out in the Directors Report on page of these financial statements.

The Company has no employees. The Company is managed by, CVC Investment Managers Pty Limited, pursuant to a Management Agreement dated 30 December 1986. Two directors of the Company are also directors of CVC Investment Managers Pty Limited.

The Board is comprised using the following principals;

- * the Board should comprise of not less than three nor more than ten directors.
- * the Board should comprise directors with a broad range of expertise both nationally and internationally.
- * the Board should comprise of at least two employees/directors of the management company.
- * the Board should comprise of at least one other non- executive director not related to the management company. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.
- * at least one third of the directors shall retire from office and be eligible for re-election at every annual general meeting. No director shall retain office for more than three years without submitting to re-election unless they are the managing director who can be appointed for a fixed term not exceeding five years or a period without limitation.

The composition of the Board is reviewed annually. When a vacancy exists, through whatever cause, the directors review the appropriateness of appointing a new director. If a new director is to be appointed, via a vacancy or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board identifies, reviews and appoints the most suitable candidate who must then stand for election at the next general meeting of shareholders.

At all directors meetings held throughout the financial year directors discuss any major risks affecting the economic entity. If a risk is identified one or more directors are nominated to develop strategies to mitigate these risks and take corrective action. The Board is informed of actions taken.

Independent Professional Advice

Each director has the right to seek independent professional advice at the economic entity's expense. However, prior approval of the chairman is required, which is not to be unreasonably withheld.

Corporate Governance Statement (cont'd)

Remuneration

The employees/directors of CVC Investment Managers Pty Limited who are appointed to the Board are not directly remunerated by the Company.

Non - executive directors which are not related to the management company are remunerated by the Company. The current remuneration for non executive directors in aggregate must not exceed \$50,000 per annum to be divided amongst the non-executive directors as they see fit. This level of remuneration was approved at the 1995 Annual General Meeting.

Further details of director's remuneration are set out in Note 5 to the financial statements.

Audit Committee

The directors review the performance of the external auditor on an annual basis and one or more directors meet with the auditor during the year in connection with the following:

- review of audit plan, fees, scope and effectiveness;
- review of accounting policies adopted or proposed changes thereto;
- review of financial information and financial statements.

ETHICAL STANDARDS

All directors are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the economic entity.

THE ROLE OF SHAREHOLDERS

The Board of Directors aims to ensure that shareholders are informed of all major developments affecting the economic entity's state of affairs. Information is communicated to shareholders as follows:

- the annual report;
- the half-yearly report;
- proposed major changes in the economic entity which may impact on share ownership rights are submitted to a vote of shareholders; and
- announcements to the Australian Stock Exchange Limited.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the economic entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Dated at Sydney this 24th day of September , 1996.

ADDITIONAL INFORMATION

1. Distribution of Shareholders as at 24, September 1996:

Category (Size of Holding)	Number of Ordinary Shareholders
1 - 1,000	19
1,001 - 5,000	148
5,001 - 10,000	155
10,001 - 100,000	359
100,001 and over	115
	796

As at 24 September 1996, 32 shareholders held less than a marketable parcel.

2. The names of the substantial shareholders at 24, September, 1996 as advised to the Australian Stock Exchange Limited.

Shareholder	Number of Ordinary Shares in Which Interest Held
Penalton Limited	15,575,978
Joseph David Ross	15,103,363
John Douglas Read	13,761,720
John Scott Leaver	13,498,358
Vanda Russell Gould	13,498,358
Metway Bank Limited	7,242,457
Abasus Investments Limited	6,256,000

3. 20 Largest Shareholders - Ordinary Capital:

Shareholder	Number of Ordinary Shares Held	% of Issued Capital Held
Penalton Limited	15,575,978	12.45
Metway Bank Limited	7,242,457	5.79
Abasus Investments Limited	6,256,000	4.99
CVC Investment Managers Limited	6,255,901	4.99
LJK Nominees Pty Limited	5,990,681	4.79
LJK Investments Pty Limited	4,896,363	3.91
Bank of Industry & Commerce Limited	4,731,704	3.78
Southsea (Aust.) Limited	4,600,000	3.68
Garrett Properties Limited	4,400,000	3.52
Derin Brothers Properties Limited	3,739,217	2.99
Huang Xio Sheung Limited	4,000,000	3.20
Hua Wang Bank Berhard	3,000,000	2.40
Tifu Pty Limited	2,800,000	2.24
Mrs Lucille Ross	1,704,000	1.36
Indo-Suez Investments Pty Ltd	1,528,362	1.22
Kirman Traders Pty Ltd	1,500,000	1.20
Dr Joseph David Ross	1,400,000	1.12
Saltbush Nominees Pty Ltd	1,264,000	1.01
Pacific Securities Inc	1,200,000	0.96
Josa Investments Pty Limited	1,145,454	0.92
	83,230,117	66.52%

The 20 largest shareholders held 66.52% of the shares of the Company.

4. Voting Rights

Continental Venture Capital Limited's Articles of Association detail the voting rights of members. Article 71 states that every member, present in person or by proxy, shall have one vote for every ordinary share registered in his or her name.

5. Directors' Interests in Equity

The interests of each Director in the share capital of Continental Venture Capital Limited as notified by the directors to the Australian Stock Exchange Limited in accordance with sections 235(1) (a) of the Corporations Law as at September 1996.

Director	Personally Held Interests in Ordinary Shares	Non-Beneficially Held Interests in Ordinary Shares
John S. Leaver	-	13,498,358
John D. Read	-	13,701,720
Paul G. Brazenor	-	-

ONTINENTAL VENTURE CAPITAL LIMITED

A.C.N. 002 700 361

Incorporated in New South Wales

Registered Office: Level 40, 50 Bridge Street, Sydney, 2000.

PROXY FORM

I.....
FULL NAME - BLOCK LETTERS

of.....

being a shareholder of Continental Venture Capital Limited

SECTION A HEREBY APPOINT.....

of.....

or, failing him, the Chairman of the Meeting, as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, November 25 1996 at four o'clock in the afternoon, or at any adjournment thereof. The proxy so appointed shall represent all my voting rights except those (if any) specified in B below.

SECTION B and I further appoint.....

DO NOT of.....
complete
unless you
wish to
appoint
two proxies

as my proxy to vote for me and on my behalf at the said meeting or at any adjournment thereof.
The proxy, appointed by this Section B shall represent my voting rights in respect of shares.

My proxy is instructed to vote as indicated below. If no specific direction to vote is given the proxy holder may vote as he or she thinks fit or abstain from voting.

	First or Sole Proxy		Second Proxy	
	For	Against	Against	For
Resolution 1 Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Paul Brazenor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of, 1996

.....
Signature of Shareholder

.....
Signature of Witness