



CVC Limited

:: Annual Report 2009 ::

Company Particulars

Registered Office

Level 42, 259 George Street, Sydney NSW 2000

Directors

Vanda Gould :: John Leaver :: John Read :: Alexander Beard

Management Team

Alexander Beard :: Vanda Gould :: John Leaver :: John Read :: Elliott Kaplan :: John Hunter
William Highland :: Michael Bower :: Jo Hume :: Winnie Huang :: Ivy Liao :: Tony McLennan
Christine Shean :: Louise Macklin

Secretaries

Alexander Beard :: John Hunter

Bankers

Suncorp-Metway Limited :: Westpac Banking Corporation Limited

Auditors

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

Share Registry

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

From the Chairman

DEAR SHAREHOLDER

There can be no doubt that the past financial year has been the most turbulent in your company's 25 year history. Six months ago I, like many people, was addicted to watching the Australian business channel and reading the financial press to see what new financial disaster would occur, both in a corporate as well as a national sense. The following sentence from the Book of Common Prayer - in the midst of life we are in death - perfectly summarises the financial climate in which we all found ourselves. Of course the challenge is for us all to continue understanding life in that big picture biblical perspective.

CVC was prepared for a downturn and, as you are aware, we had no debt; indeed, we had raised a substantial amount of capital in the previously booming capital markets which placed us in a very strong position for the future. The mistake we made, however, was that we underestimated the severity of the downturn. This meant that CVC had to adjust its valuations of the securities that we continued to hold to reflect the market valuations that prevailed in a remarkable climate of economic gloom and pessimism. Even the world's greatest economist and great investment practitioner, Lord Keynes, who had been correct about the excesses in New York in 1928, lost 75% of his wealth in 1930! Fortunately we expect that in the coming year we will see a large reversal in many of our valuations which will convert "losses" that we have taken to account into profits.

Did we make any fundamental mistakes? This is a question that I have pondered. Clearly, with hindsight, the wisest thing we could have done was to have converted everything into cash in the buoyant equity markets that previously prevailed. The difficulty we faced was that although we anticipated a downturn, it was equally possible that the boom could have had a further leg-up and then we would have looked very foolish. As soon as the downturn started, share and security valuations slipped quickly and it is very difficult to sell prudently in such an environment.

In short, our overall economic management could have been better, but fortunately we were in the wonderful situation of not having to sell anything because of the demands of our bankers. Too many of our contemporaries failed to heed the statement of Confucius - study the past if you would divine the future!

The great challenge for us now is to discern the future. I rather like the statement of Charles Darwin from his classic book, "The Origin of the Species" - *it is not the strongest of the species that survives, not the most intelligent, but the one most responsive to change*. It is a curious truth of human beings that we all think we are immortal, and indeed in one sense we are. Studies show, however, that the top, say, 100 companies in New York, London or Sydney will be comprised of substantially different companies within a generation. The recent eclipse of the world's biggest company - General Motors - has been truly breathtaking and is a good example of this reality of life.

It is this issue of future direction and being responsive to change that has most taxed your Board to develop appropriate new strategies that meet the challenges of the present. We have taken the view that a further major downturn is unlikely, and accordingly we have commenced to move to the position of being substantially invested while the present excellent buying opportunities are available. Our core strategy remains of attempting to identify excellent business partners in whom we can invest. We also diligently work on identifying new commercial directions for the economy.

Apart from the valuation changes mentioned above, we have actually had a satisfactory trading year with some pleasing outcomes. These are detailed in Mr Sandy Beard's report. I would like to thank my colleague, Mr John Leaver, for his wisdom and support. Both John and I have been impressed by Sandy's work as well as that of our energetic CFO, Mr John Hunter. Together they lead a very effective team in which we are justly proud. Each member of the CVC team is to be congratulated on his/her energy and commitment.

The support of our shareholders during what has been a fascinating period is appreciated and I am hopeful that we will be declaring a dividend when sustainable profitability returns. Our ability to be responsive to change should see the company move to a higher playing field over the next few years.

Vanda Gould
Chairman

The Year in Review

OVERVIEW

2009 was an extremely disappointing year, with positive initiatives significantly over-shadowed by impairment charges made against virtually all major investments. In particular, valuations attributable to key investments in property related and small-cap listed investments were particularly hard-hit by the global financial crisis as the market for buyers of these investments virtually evaporated.

Investments made into the commercial and industrial property sectors were impacted by a combination of three major value destroying events, rental vacancies, bank deleveraging resulting in lower LVR's (loan to value ratio covenants) and rising market yields (ie higher returns required by investors acquiring properties). These combined events have necessitated major write-downs in all of CVC's property related activities. Whilst these factors will change over time, and if held for the duration of the property cycle, value will be restored to each of these investments, the future of a number of projects will be dictated by the extent to which the senior banks seek to recoup their loans. In these circumstances CVC has been conservative with regards to the valuation of investments.

As necessitated by the significantly changed financial circumstances, considerable effort was exerted towards extracting maximum value from investments and working with other investees to both weather the financial storm and take advantage of improved buying opportunities.

Whilst not yet complete, substantial progress was made in efforts to protect and restore shareholder value, including commencement of legal actions where necessary to recover value, realisation of investments where likely returns have already been maximised and negotiation with key stakeholders including banks where necessary to ensure completion of projects to maximise value.

It is also important to note that all major trading investees of CVC have continued to adopt conservative levels of gearing to ensure survival as banks reassess their exposure during this time of financial turmoil.

On the positive side CVC has reviewed a significantly increased quality of deals over the past six months and has progressed a number of these to completion. With an improved flow of investment opportunities, and counter-cyclical opportunities now being presented in property and micro-cap listed companies the Directors believe CVC is well placed to capitalise on these opportunities in light of our strong cash position and low gearing level.

Highlights of the year include:

- :: Further development of our energy expertise, and in particular alternate energy, highlighted by the successful sale of CVC's stake in Blue Energy for a \$12 million profit, a number of smaller but similarly successful energy related investments, and a new investment into Resource Generation Limited;
- :: Continued rationalisation of Cellnet Group Limited, culminating in the sale of its IT businesses and restoration of its balance sheet to \$20 million cash holdings and a viable business;
- :: Identification and structuring of merger target for Mercury Mobility;
- :: Sale of the Bulky Goods Centre in Geelong fully tenanted;
- :: Acquisition of a number of stakes in oversold ASX listed companies;
- :: Continued development of Ron Finemore Transport, which now has annual turnover in excess of \$65.5 million;
- :: Continued development of Concise Asset Management in an extremely tough investment climate, who produced impressive investment returns in the past 6 months whilst out-performing market benchmarks throughout the last 12 months;
- :: Continued turnaround and revitalising of Green's Foods;
- :: Review of CVC's portfolio with the turnover of investments focussed on maximising value from assets in future periods;
- :: Buy-back of 22.9 million CVC shares at the time of writing at a substantial discount to Net Tangible Asset backing; and
- :: Identification of a number of new investment opportunities.

MANAGEMENT TEAM

During the year, CVC management became further directly involved with investees, including Bill Highland who was seconded to The Environmental Group Limited (EGL) as interim Managing Director and Elliott Kaplan, who was appointed Director to ASX listed DoloMatrix Limited and has spent extensive time working with Pro-Pac Packaging Limited.

The current climate has, and will test the skills of the management team. In the short to medium term the management team's focus is on extracting value from and realising non-core investments concurrent with developing those in which CVC believes there is considerable future value. In addition, with a significantly increased flow of investment opportunities at more attractive valuation scenarios than at any time in the past 5 years – there is an increased need for deal negotiation and execution skills and quality due diligence.

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

Skills of the management team include:

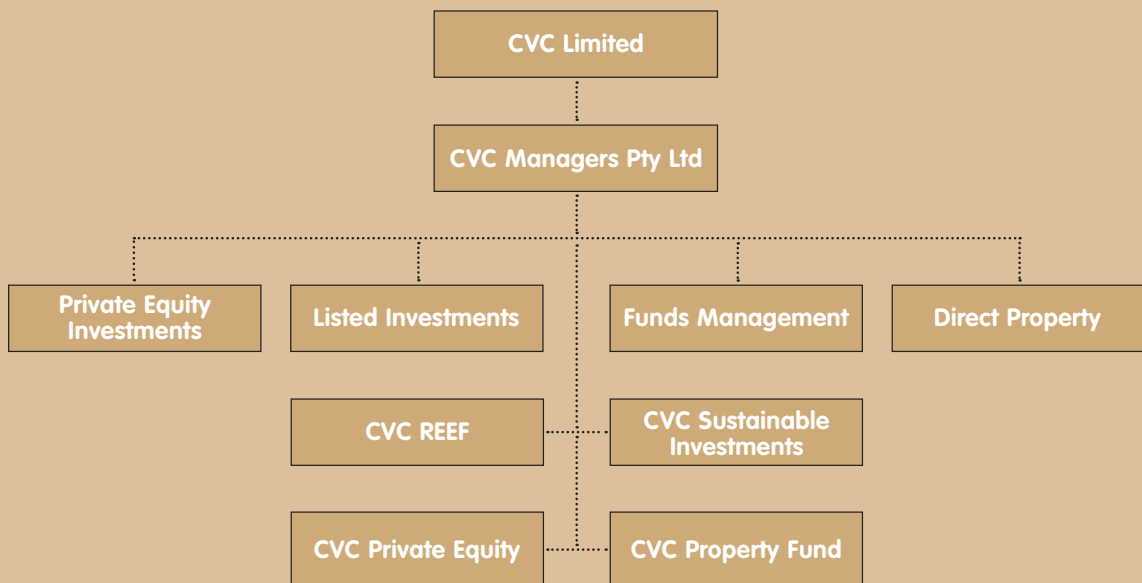
- :: Sourcing, selection, and structuring of investment opportunities;
- :: Operational management of investee companies, including strategy and corporate advisory, board positions on investee companies including Chairmanship where necessary;
- :: Corporate advisory skills, including under-writing of placements and general offers;
- :: Divestments, including trade sales, demergers, initial public offerings, mergers and acquisitions, management buyouts and financial restructuring;
- :: Infrastructure investment capabilities, including financial feasibility, negotiation of off-take agreements, negotiation of senior and mezzanine debt facilities and sourcing of equity;
- :: Distressed debt recoveries and investment turn-arounds;
- :: Project financing and property development capabilities, including structuring, joint ventures, feasibility and mezzanine financing;
- :: Financial product development and distribution;
- :: Availability and access to government grant schemes;
- :: Advice/implementation of internal control procedures, management information systems, monthly reporting procedures and statutory reports;

- :: Development of distribution networks, licensing of technology patent and advice on portfolio/intellectual property protection and export market penetration;
- :: Specialist investment skills in environmental industries, with a depth of expertise in low emission and cleaner technologies; and
- :: Long term investment performance.

APPROACH

CVC’s investment portfolio is structured for a balance of capital growth and income producing assets, with a particular emphasis on private equity investments. In addition, the asset mix has historically included and will continue to include a core portfolio of ASX-listed securities managed for a return, mezzanine lending to property backed investments including direct property holdings, strategic long-term investments (both listed and unlisted) that are largely equity accounted, income producing finance activities and funds management initiatives. The inherent nature of private equity investment is that the opportunity for substantial returns is accompanied by factors largely beyond the control of the investment manager, including the recent volatility in listed markets, the strength of the economy and negotiations between buyers and sellers.

Company Structure



The Year in Review

CVC adopts a value based methodology in its investment selections, including an analysis of company fundamentals, including low price earnings multiples, earnings growth, relativity of price to net tangible assets, multiples of free cash flow, dividend history, competitive market positioning and arbitrage opportunities. In all investments assessed, CVC looks for an ability to add value to the investment to maximise potential investment returns, (i.e. through restructuring an under-performing company or obtaining development approvals or new tenants for a real estate transaction or in an ability to assist with synergistic business acquisitions in small emerging companies).

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

Sound investment decisions require a thorough methodology and the time necessary to identify, target, negotiate, conduct due diligence and structure a potential investment opportunity. CVC adopts a timely, yet patient, approach to these initial phases, as well as the subsequent development of the business and the realisation phase of the investment lifecycle (with investment exits often made by way of a trade sale, initial public offering or on-market sell down).

DIVIDEND POLICY

CVC has had a track record of consistently paying annual franked dividends since 1996, with interim dividends paid every year since 2004. The market turmoil, caused by the global financial crisis, necessitated the suspension of both the interim and final 2009 dividend. However, our continued emphasis on developing recurring profit streams reflects our objective to pay dividends into the future. CVC will look to resume payment of dividends at such time as it is evident that the underlying profitability of CVC is robust. Subject to available franking credits, dividends will be 100% franked. CVC's Dividend Reinvestment Plan has been suspended until such time as there is a better correlation between CVC's share price and its underlying net asset value.

CAPITAL MANAGEMENT

The Company will continue to periodically purchase shares under the share buy-back scheme, dependent on price. Historically the buy-back scheme has enabled a better matching of assets with recurrent earnings and has achieved accretion in both Net Tangible Assets and Earnings Per Share. Throughout financial year 2009,

19.5 million shares were purchased under the company buy-back with a further 4.7 million shares purchased since the end of the financial year. At the time of writing the total number of shares on issue is 138,115,126.

CORPORATE GOVERNANCE

During the year CVC reviewed its corporate governance initiatives and has reviewed the new Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. Further information on CVC's corporate governance is provided in the corporate governance statement.

OUTLOOK AND ORGANIC GROWTH

As outlined above, the volatility experienced across the equity capital markets and property deleveraging has presented CVC with a significantly improved quality of investment opportunities and, with cash holdings in excess of \$50 million, the Group is well placed to capitalise on these opportunities in 2010.

The 2010 year will likely see the following developments:

PROPERTY

Property has been the sector of the economy hardest hit by the global financial crisis. With the continued deleveraging of the major banks and in turn both the unlisted and listed property trust sectors, good investment opportunities are emerging in property related investments. CVC believes that it is likely that a significant portion of its investment activities for the 2010 year will be property related transactions.

In the coming year CVC will:

- ∴ Seek to acquire a direct commercial or industrial property on an attractive yield, with the potential for longer term significant capital growth;
- ∴ Provide mezzanine finance to appropriate projects and developers;
- ∴ Invest in property related ASX listed companies that we believe have been oversold to a significant discount of their net tangible assets, and where we believe that value is likely recoverable;
- ∴ Continue to develop a sustainable growth strategy for the CVC Property Fund (ASX:CJT);
- ∴ Settlement of the completed bulky goods retail centre in Geelong and continue to add value to the proposed bulky goods centres at Shepparton and Wagga Wagga; and
- ∴ Continue to pursue the realisation of all projects currently financed via mezzanine facilities provided by CVC, including where necessary by litigation.

PRIVATE EQUITY / VENTURE CAPITAL

- :: Continued development of Ron Finemore Transport Pty Limited and its transport activities;
- :: Continued development of Green's Foods and its food activities;
- :: Identification of new investment opportunities that meet CVC's investment selection criteria and realisation of investments within the portfolio, as appropriate;
- :: Continued development of CVC Sustainable Investments, with a primary objective to raise substantial funds to take advantage of a growing dealflow of investment opportunities stemming from increased environmental awareness, regulation, market issues (including energy security and growing export demand) and emerging listed and unlisted companies across a number of sub-sectors; and
- :: "Bridging" finance, pre-IPO and other high yielding alternative investment opportunities.

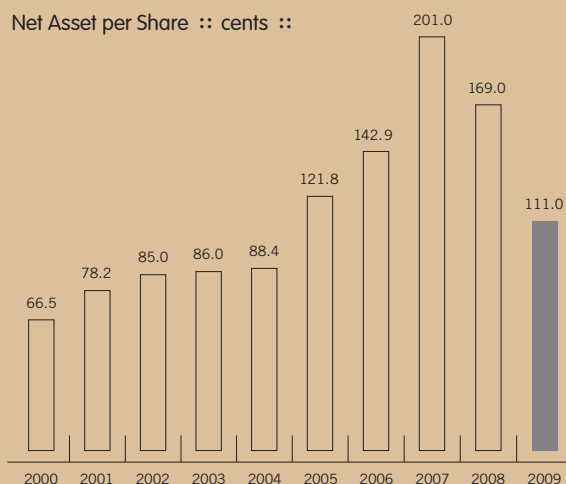
LISTED INVESTMENTS

- :: Continued strategic holdings in Sunland Group Limited, Pro-Pac Packaging Limited, Cellnet Limited, Amadeus Energy Limited, Mercury Mobility Limited, Vita Life Sciences Limited and Cyclopharm Limited. CVC will derive income from these strategic listed investments, including dividend income, equity accounted income, and where appropriate directors and advisory fees and underwriting fees;
- :: Active management of key strategic investments via assistance with both acquisitive and organic growth and operational and financial restructuring, where appropriate; and
- :: Identification of other strategic investments in which CVC can acquire a significant and meaningful stake to complement major holdings and contribute a source of dividends and capital growth.

FUNDS MANAGEMENT

- :: Development of CVC Property Fund with the key objective to return the fund to positive operating cashflow and profitability; and
- :: Developing emerging Australian Mid-Cap Equities Manager, Concise Asset Management.

Net Asset per Share :: cents ::



Group Summary	2009	2008
Earnings per Share	(44.5) cents	0.7 cents
Total Assets Employed	\$197.3 M	\$316.1 M
Shareholders Equity	\$166.1 M	\$274.4 M
Return on Shareholders Equity*	(35.77%)	(13.51%)
Shares on Issue at Year End	142,848,621	162,352,134
Net Assets per Share Attributable to Shareholders	\$1.11	\$1.69
Dividends per Share	3.0 cents	6.0 cents

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

CVC Limited

Financial Report

FOR THE YEAR ENDED 30 JUNE 2009



CVC Limited and its Controlled Entities

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2009



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Your Directors present the Financial Report of CVC Limited (the "Company") and of the Consolidated Entity ("CVC"), being the Company and its controlled entities, for the year ended 30 June 2009 together with the Auditors' Report thereon.

Directors

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

Vanda Russell Gould (Chairman)

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

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

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

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

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

John Scott Leaver (Non-Executive Director)

B.Ec. (Uni. of Sydney)

Australian Financial Services Licence holder.

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

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

John Douglas Read (Non-Executive Director)

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

Fellow of the Australian Institute of Company Directors.

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

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

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

Alexander Damien Harry Beard (Director and Company Secretary)
B. Com. (Uni. of NSW)

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

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

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

During the past three years Mr Beard has also served as Chairman of Cellnet Group Limited and Director of the following other listed companies: Green's Foods Limited, Mercury Mobility Limited, Blue Energy Limited, CVC Property Fund.

John Thomas Riedl (Non-Executive Director)
(resigned 24 February 2009)
B.Sc, B.E. (Elect), (Hons) (Sydney)

Board member since 2002. Member of the audit committee.

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

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

Company Secretaries

John Andrew Hunter
B. Com. (ANU), M.B.A. (MGSM)

Member of the Institute of Chartered Accountants in Australia.

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

Directors' Meetings

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

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

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

	Audit Committee Meetings	
	No. of meetings attended	No. of meetings eligible to attend
John Douglas Read	2	2
Alexander Damien Harry Beard	2	2
John Thomas Riedl	2	2

Directors' Interests

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

	Ordinary Shares
Mr V.R. Gould	21,150,314
Mr J.S. Leaver	22,525,111
Mr J.D. Read	528,956
Mr A.D.H. Beard	1,381,136

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

Overview of Activities

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

Consolidated Results

The Directors of CVC wish to announce that the 2009 financial year has been significantly impacted by the volatility being experienced in capital markets resulting in the following:

- :: Loss before taxation of \$61.6 million (2008: profit \$1.1 million);
- :: Net loss after tax of \$67.4 million (2008: profit \$1.1 million);
- :: Earnings per share of negative 45 cents (2008: positive 0.7 cents).

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

	2009	2008
	\$	\$
Net (loss)/profit after income tax	(67,366,687)	1,122,803
Minority interests	741,753	30,182
Net (loss)/profit after income tax attributable to members	(66,624,934)	1,152,985

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2009

Dividends

No dividends have been declared in respect of the year ended 30 June 2009. No interim dividend was paid in respect of the year ended 30 June 2009.

A final dividend in respect of the year ended 30 June 2008 of 3 cents per share amounting to \$4,830,176 was paid on 26 September 2008.

Principal Activities

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

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

Review of Operations

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

CVC has cash holdings of \$66.1 million (equivalent to 46.3 cents per share) and is well placed to pursue investment opportunities as and when they emerge.

Listed Investments:

During the year CVC sold its investment in Blue Energy Limited for \$33.9 million generating a profit of \$12.1 million and continued to realise non-core holdings. The contribution of listed investments to the operating loss was \$32.6 million which included CVC's share of operating losses generated by Cellnet Limited and Mercury Mobility Limited totalling \$7.0 million and an impairment charge against the value of the listed investment portfolio of \$47.1 million.

CVC's primary focus is the active management of the core investment portfolio. During the year CVC continued to increase its core investment portfolio by acquiring shareholdings in Cellnet Limited, Mercury Mobility Limited and Pro-Pac Packaging Limited.

Private Equity:

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

GPG (No. 7) Pty Limited has manufacturing operations of blended foods, cereals and snack foods that are distributed through supermarkets. The company has implemented a strategy to improve operating performance, however it still continues to face challenges in a market that is dominated by two major supermarket groups.

Ron Finemore Transport Pty Limited continues to achieve strong growth in both revenue and operating profit and is well placed for continued growth in 2010.

Although Ron Finemore Transport Pty Limited provided a strong contribution to the private equity segment, this was overshadowed by impairment losses charged against the value of investments of \$6.0 million with the segment providing a contribution to the operating loss of \$4.7 million.

Property:

CVC continues to hold a number of mezzanine finance facilities provided to property projects. The contribution of the property segment to the operating loss of CVC was \$16.1 million. The loss generated was due to a fall in value of a number of properties supporting the finance facilities over the year. This resulted in the need to raise an impairment charge against the loans totalling \$20.9 million compared to a carrying value of \$45.1 million.

Funds Management:

CVC continues to focus on the development and profitability of the funds management segment which includes the investment in Concise Asset Management, a fund manager focused on mid-cap Australian listed companies and CVC Sustainable Investments, CVC Property Fund and CVC Private Equity Limited.

The contribution of the funds management segment to the operating loss of CVC was \$8.0 million which was primarily due to the impairment of the goodwill and management agreements totalling \$9.4 million.

State of Affairs

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

Likely Developments

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

Environmental Regulation

CVC's operations are not subject to environmental regulations.

Events Subsequent to Balance Date

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

Share Options

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

Indemnification and Insurance of Officers and Auditors

a) Indemnification

CVC has not, during or since the end of the financial year, indemnified or made any relevant agreement for indemnifying any person who is or has been an officer or auditor of CVC or a related body corporate

against a liability, including costs and expenses in successfully defending legal proceedings.

b) Insurance premiums

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

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

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

Remuneration Report

This report outlines the remuneration arrangements in place for Directors and Executives of CVC.

Remuneration philosophy

The performance of CVC depends upon its ability to attract and retain quality people. CVC is committed to developing a remuneration philosophy of paying sufficient competitive 'base' rewards to attract and retain high calibre management personnel and providing the opportunity to receive superior remuneration tied directly to the creation of value for shareholders.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

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

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

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

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

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

:: key employees are invited by the Directors to acquire shares in the Company subject to certain conditions;

- :: the conditions specify performance hurdles and time periods in which they are required to be achieved;
- :: all shares issued under the plan to date cover a three year period and require that the total return to shareholders over the three year period exceeds the rate of growth over the same period for the S&P/ASX Small Ordinaries Accumulation Index;
- :: shares are issued at market value and the Company provides a loan to the participant to cover the cost of the shares;
- :: interest is charged on the loan equivalent to dividends paid on the shares;
- :: the shares are restricted and cannot be dealt with by the participant during the period;
- :: shares are forfeited and the loans are cancelled if the performance hurdles have not been met or the share price at the end of the period is below the issue price;
- :: if shares are not forfeited, at the end of the period the participant is required to repay the loan, the restrictions on the shares are removed and the shares are taken out of the plan; and
- :: a maximum of 5 million shares can be issued under the plan.

CVC has not issued any shares under the CVC Executive Long Term Incentive Plan. The Directors are of the opinion that new shares should not be issued until there is a better correlation between the share price of CVC and the underlying net asset value per share.

Individual remuneration disclosures:

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

Remuneration of key management personnel:

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

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2009

Remuneration Report (cont.)

Remuneration of Directors for the year ended 30 June 2009

		Short-term employee benefits	Post – employ't benefits			Total	Base %	
		Base Salary Fees	STI Bonus (c)	Superannuation	Equity Based	Other	(b)	
ADH Beard (Director)	2009	\$220,183	\$50,000	\$19,816	-	\$2,506	\$292,505	83%
	2008	\$201,835	\$100,000	\$18,165	\$12,362	\$3,000	\$335,362	66%
VR Gould (a) (Chairman and Non-Executive Director)	2009	\$200,000	-	-	-	-	\$200,000	100%
	2008	\$200,000	-	-	-	-	\$200,000	100%
JS Leaver (a) (Non-Executive Director)	2009	\$200,000	-	-	-	-	\$200,000	100%
	2008	\$200,000	-	-	-	-	\$200,000	100%
JD Read (Non-Executive Director)	2009	-	-	\$25,000	-	-	\$25,000	100%
	2008	\$25,000	-	-	-	-	\$25,000	100%
JT Riedl (Non-Executive Director)	2009	\$15,291	-	\$1,376	-	-	\$16,667	100%
	2008	\$25,000	-	-	-	-	\$25,000	100%
	2009	\$635,474	\$50,000	\$46,192	-	\$2,506	\$734,172	
	2008	\$651,835	\$100,000	\$18,165	\$12,362	\$3,000	\$785,362	

Notes:

- (a) CVC paid management fees of \$200,000 (2008: \$200,000) each to entities associated with Messrs Gould and Leaver that covers the cost of their services.
- (b) Base % reflects the amount of base level remuneration that is not dependent on individual or CVC performance.
- (c) The Short Term Incentive Bonus paid to Mr Beard represents a discretionary bonus as determined by the Directors of CVC, based on his performance during the year ended 30 June 2009.

Auditor Independence and Non-audit Services

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

Auditor's Independence Declaration to the Directors of CVC Limited

A copy of the Independence Declaration given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd (NSW Partnership) is included on page 7.

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

Dated at Sydney 28 August 2009.

Alexander Beard
Director

John Read
Director

Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2009

To the Directors of CVC Limited:

As lead auditor for the audit of CVC Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

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

Dated at Sydney 28 August 2009.

M D Muller
Partner

HLB Mann Judd (NSW Partnership)
Chartered Accountants

Income Statements

FOR THE YEAR ENDED 30 JUNE 2009

		:: Consolidated ::		:: The Company ::	
	Notes	2009	2008	2009	2008
		\$	\$	\$	\$
INCOME					
Revenue from services		1,876,822	3,035,737	50,000	1,305,653
Revenue from rental		1,655,936	315,550	-	-
Net gain on sale of equity investments		18,335,724	9,881,817	19,076,841	5,559,979
Interest revenue		10,711,240	11,727,899	8,673,023	9,301,843
Dividend revenue		3,140,016	5,407,785	3,449,282	61,213,983
Recoveries of loans		-	134,987	801,563	1,265,984
Other income		746,687	546,382	360,758	513,617
Total income	3	36,466,425	31,050,157	32,411,467	79,161,059
Share of net losses of associates accounted for using the equity method	13	(7,142,200)	(9,235,161)	-	-
Share of net profits of joint ventures accounted for using the equity method	12	-	15,702	-	15,702
EXPENSES					
Amortisation of intangibles		58,500	117,000	-	-
Depreciation expense		25,055	36,996	-	-
Employee expenses		1,762,672	2,054,796	-	48,954
Finance costs	4	1,806,816	523,084	590,079	363,700
Impairment of intangibles		9,374,677	-	-	-
Impairment of investments in associated entities		17,821,552	4,491,958	27,158,267	227,587
Impairment of investments in controlled entities		-	1,050,000	10,587,906	3,815,058
Impairment of listed investments		33,527,537	4,877,594	16,545,047	4,877,594
Impairment of loans to other corporations		12,322,769	2,311,068	781,204	2,229,702
Impairment of loans to related entities		5,487,220	1,276,465	4,865,868	1,276,465
Impairment of property plant and equipment		1,383,875	-	-	-
Impairment of unlisted investments		4,444,349	750,000	4,444,349	750,000
Management and consultancy fees		1,113,062	1,213,058	9,558,596	10,525,687
Net realised foreign exchange loss		-	230,854	-	230,854
Operating lease rental		390,055	361,242	-	-
Other expenses	4	1,408,631	1,474,011	489,676	801,055
(Loss)/profit before related income tax expense		(61,602,545)	1,062,572	(42,609,525)	54,030,105
Income tax expense/(benefit)	5	5,764,142	(60,231)	3,279,525	(1,675,440)
Net (loss)/profit		(67,366,687)	1,122,803	(45,889,050)	55,705,545
Net loss attributable to minority interest	22	(741,753)	(30,182)	-	-
Net (loss)/profit attributable to members of the parent entity		(66,624,934)	1,152,985	(45,889,050)	55,705,545
Basic and diluted earnings per share	6	(0.4452)	0.0067		

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 12 to 46.

Balance Sheets

AS AT 30 JUNE 2009

		:: Consolidated ::		:: The Company ::	
	Notes	2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	24	66,113,849	51,936,285	62,503,471	50,918,226
Loans and other receivables	8	22,538,594	42,340,390	28,191,289	27,740,934
Current tax assets	5	302,434	-	284,547	-
Other assets	10	90,679	87,502	145,479	43,922
Total current assets		89,045,556	94,364,177	91,124,786	78,703,082
NON-CURRENT ASSETS					
Loans and other receivables	8	1,858,357	1,170,374	15,124,291	23,789,194
Financial assets – “available-for-sale”	9	47,325,991	145,129,775	56,592,961	149,899,288
Investments accounted for using the equity method	11	29,710,700	55,966,019	23,806,352	50,439,233
Property, plant and equipment	14	8,547,570	34,484	-	-
Investment properties	15	20,780,653	2,783,873	-	-
Intangible assets	16	-	8,356,634	-	-
Deferred tax assets	5	-	8,301,965	-	4,979,128
Total non-current assets		108,223,271	221,743,124	95,523,604	229,106,843
TOTAL ASSETS		197,268,827	316,107,301	186,648,390	307,809,925
CURRENT LIABILITIES					
Trade and other payables	17	884,846	2,280,120	1,331,039	1,808,114
Interest bearing loans and borrowings	19	2,210,535	2,693,695	2,210,535	2,693,695
Provisions	18	188,986	199,199	-	-
Current tax liabilities	5	20,353	4,261,699	-	4,242,216
Total current liabilities		3,304,720	9,434,713	3,541,574	8,744,025
NON-CURRENT LIABILITIES					
Trade and other payables	17	-	-	36,785,019	30,795,854
Provisions	18	35,926	23,948	-	-
Interest bearing loans and borrowings	19	21,233,402	8,431,997	-	-
Deferred tax liabilities	5	6,573,253	23,773,546	4,547,870	20,319,962
Total non-current liabilities		27,842,581	32,229,491	41,332,889	51,115,816
TOTAL LIABILITIES		31,147,301	41,664,204	44,874,463	59,859,841
NET ASSETS		166,121,526	274,443,097	141,773,927	247,950,084
EQUITY					
Contributed equity	20	122,627,967	136,823,139	122,627,967	136,823,139
Retained profits	21	27,614,501	99,069,611	14,082,901	64,802,127
Other reserves	23	7,675,583	38,484,350	5,063,059	46,324,818
Total parent entity interest		157,918,051	274,377,100	141,773,927	247,950,084
Minority interest	22	8,203,475	65,997	-	-
TOTAL EQUITY		166,121,526	274,443,097	141,773,927	247,950,084

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 12 to 46.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2009

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Income and expenses recognised directly in equity				
"Available-for-sale" investments:				
:: Decrease in fair values recognised in other reserves	(31,912,895)	(49,986,750)	(44,497,479)	(54,103,423)
:: Amounts transferred from other reserves to the income statement on sale	(10,872,942)	(19,591,054)	(12,810,626)	(12,271,630)
:: Income tax on fair value movements taken to or from other reserves	12,192,629	21,614,173	16,120,237	20,984,707
Value of equity based remuneration recognised in other reserves	(73,891)	48,954	(73,891)	48,954
Value of associates asset revaluation reserve recognised in other reserves	(297,569)	550,766	-	-
Value of associates foreign currency translation reserve recognised in other reserves	170,111	(219,073)	-	-
Value of associates equity based remuneration recognised in other reserves	(13,882)	(154,814)	-	-
Net income reflected directly in equity	(30,808,439)	(47,737,798)	(41,261,759)	(45,341,392)
(Loss)/profit for the year	(67,366,687)	1,122,803	(45,889,050)	55,705,545
Total recognised income and expense for the year	(98,175,126)	(46,614,995)	(87,150,809)	10,364,153
Attributable to:				
Shareholders	(97,433,701)	(46,583,765)	(87,150,809)	10,364,153
Minority interests	(741,425)	(31,230)	-	-
	(98,175,126)	(46,614,995)	(87,150,809)	10,364,153
Transactions with shareholders in their capacity as shareholders				
Shares issued during the period:				
:: through the dividend reinvestment plan	-	732,046	-	732,046
:: transaction cost on share issue net of tax	-	(2,437)	-	(2,437)
:: under the executive and non-executive long term incentive plan	-	3,105,000	-	3,105,000
Payments for share buy-backs	(14,195,172)	(12,655,998)	(14,195,172)	(12,655,998)
Dividends paid to shareholders	(4,830,176)	(15,285,464)	(4,830,176)	(15,285,464)
Total transactions with shareholders in their capacity as shareholders	(19,025,348)	(24,106,853)	(19,025,348)	(24,106,853)
Other equity movements				
Increase in minority interest from acquisitions of interests in controlled entities	8,878,903	-	-	-
Net decrease in equity for the year	(108,321,571)	(70,721,848)	(106,176,157)	(13,742,700)
Equity at the beginning of the year	274,443,097	345,164,945	247,950,084	261,692,784
Equity at the end of the year	166,121,526	274,443,097	141,773,927	247,950,084

The statements of changes in equity are to be read in conjunction with the notes to the financial statements as set out on pages 12 to 46.

Cash Flow Statements

FOR THE YEAR ENDED 30 JUNE 2009

		:: Consolidated ::		:: The Company ::	
	Notes	2009	2008	2009	2008
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		5,371,490	2,668,747	1,354,485	716,815
Cash payments in the course of operations		(6,644,201)	(3,875,817)	(11,007,321)	(9,752,305)
Interest received		6,253,000	8,531,943	5,384,182	8,482,280
Dividends received		3,617,747	5,714,692	3,922,839	5,684,631
Interest paid		(683,816)	(163,131)	-	(3,747)
Income taxes paid		(5,002,206)	(4,581,990)	(5,000,231)	(4,579,781)
Net cash provided by/(used in) operating activities	24	2,912,014	8,294,444	(5,346,046)	547,893
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(356,630)	(10,535)	-	-
Payments for equity investments		(22,098,309)	(76,992,364)	(22,817,769)	(72,530,007)
Proceeds from acquisition of controlled entities net of cash acquired		1,146,826	-	-	-
Proceeds on disposal of equity investments		54,923,345	42,814,062	54,706,956	36,256,497
Loans provided		(14,725,455)	(30,851,394)	(19,759,354)	(37,180,567)
Loans repaid		13,177,069	17,918,534	23,502,754	33,647,446
Net cash provided by/(used in) investing activities		32,066,846	(47,121,697)	35,632,587	(39,806,631)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings repaid		(2,100,000)	-	-	-
Dividends paid to members of parent entity		(4,830,176)	(14,535,418)	(4,830,176)	(14,535,418)
Shares bought-back on market		(13,901,608)	(12,655,998)	(13,901,608)	(12,655,998)
Issue of shares		-	3,105,000	-	3,105,000
Cost of share issue		-	(3,481)	-	(3,481)
Net cash used in financing activities		(20,831,784)	(24,089,897)	(18,731,784)	(24,089,897)
Net increase/(decrease) in cash held		14,147,076	(62,917,150)	11,554,757	(63,348,635)
Foreign exchange gain/(loss) on cash		30,488	(155,510)	30,488	(155,510)
Cash and cash equivalents at the beginning of the financial year		51,936,285	115,008,945	50,918,226	114,422,371
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24	66,113,849	51,936,285	62,503,471	50,918,226

The cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 12 to 46.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

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Note 1: Statement of Accounting Policies

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

1.1 Basis of Preparation

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

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

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying CVC’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 32.

1.2 Statement of Compliance

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods.

AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 has recently been issued but is effective for reporting periods commencing after 1 January 2009 has not been adopted for the annual reporting period ending 30 June 2009. Application of the standard will not effect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to CVC’s financial report.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 are effective for annual reporting periods commencing on or after 1 January 2009 has been adopted for the annual reporting period ending 30 June 2009. Application of the standard requires adoption of a ‘management approach’ to reporting on financial performance for the segment note of the financial report. The adoption of the standard has not had any effect on the amounts recognised in the financial statements compared to prior year financial reports.

Note 1: Statement of Accounting Policies (cont.)

1.3 Principles of Consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of CVC Limited (the "Company") and its subsidiaries during the year ended 30 June 2009 ("CVC"). The financial statements of controlled entities are included in the results only from the date control commences until the date control ceases and include those entities over which CVC has the power to govern the financial and operating policies so as to obtain benefits from their activities.

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

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

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

Associates

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

Joint ventures

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

Transactions eliminated on consolidation

Gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Gains resulting from transactions with associates are eliminated to the extent of CVC's interest.

Goodwill

Goodwill is considered to have an indefinite life and represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity. Following initial recognition goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

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

1.4 Impairment

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

1.5 Investments

Controlled entities

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

Associated companies

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

Joint ventures

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

Set-off of financial assets and liabilities

For investments with direct associated debt, the financial assets and liabilities are reflected on a net basis where this reflects a right, and an intention, to set-off the expected future cash flows from settling those assets and liabilities.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Statement of Accounting Policies (cont.)

1.6 Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities on the current period's taxable income at the tax rates enacted by the balance sheet date. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

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

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

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

Tax consolidation legislation

The controlled entities of the Company implemented the tax consolidation legislation as at 30 June 2003. The entities in the consolidated group continue to account for their own current and deferred tax amounts. CVC has applied the "stand-alone taxpayer" approach in determining the appropriate amount of current taxes and deferred taxes to be allocated to members of the tax consolidated group. The Company recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Goods and Services Tax

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

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

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

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

1.7 Cash and Cash Equivalents

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

1.8 Trade and Other Payables

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

1.9 Trade and Other Receivables

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

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

1.10 Property, Plant and Equipment

Acquisition

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

Investment property

Investment property is initially measured at cost, including transaction costs. Commencing 1 October 2008 investment properties are no longer being depreciated, but instead are now stated at fair value, which reflect market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are recognised in the profit and loss statement in the year in which they arise.

Leased plant and equipment

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

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

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

Note 1: Statement of Accounting Policies (cont.)

1.10 Property, Plant and Equipment (cont.)

Depreciation and amortisation

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

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

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

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

1.11 Investments and Other Financial Assets

Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or "available-for-sale" investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, transaction costs. CVC determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

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

Loans and receivables

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

"Available-for-sale" investments

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

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

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

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

1.12 Intangible Assets other than Goodwill

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

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

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

1.13 Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

1.14 Revenue and Revenue Recognition

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

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 1: Statement of Accounting Policies (cont.)

1.14 Revenue and Revenue Recognition (cont.)

Sale of non-current assets

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

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

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

Provision of services

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

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

Dividends

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

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

Revenue from dividends from other investments is recognised when received.

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

Rental income

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

1.15 Employee Entitlements

Wages, salaries, annual leave and sick leave

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

Long service leave

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

Share based payment transactions

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

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

1.16 Contributed Equity

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

1.17 Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

1.18 Comparative Figures

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

1.19 Segment Reporting

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

Note 2: Controlled Entities

2.1 Composition of Consolidated Group

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

	Interest Held by Consolidated Entity	
	2009	2008
	%	%
CVC Limited		
Direct Controlled Entities:		
Biomedical Systems Pty Limited	100	100
CVC Fairfield Pty Limited	100	100
CVC Finance Company Pty Limited	100	100
CVC Investment Managers Pty Limited	100	100
CVC Funds Management Pty Limited (formerly CVC Leasing Pty Limited)	100	100
CVC Managers Pty Limited	100	100
CVC Mezzanine Finance Pty Limited	100	100
CVC Narabang Pty Limited	95	95
CVC (Newcastle) Pty Limited	100	100
CVC Property Managers Limited (formerly CVC Trinity Property Managers Limited)	100	50
CVC Property Fund (formerly CVC Trinity Property Fund)	53	38
CVC Private Equity Limited	42	37
CVC Technologies Pty Limited	-	100
Energy Technology Holding Pty Limited	-	100
Laserex Pty Limited	-	100
Renewable Energy Managers Pty Limited	100	100
Stinoc Pty Limited	99	99
Skyline Investments Australia Pty Limited	100	100
The Eco Fund Managers Pty Limited	100	100
The Eco Fund Pty Limited	100	100
Controlled Entities owned 100% by Laserex Pty Limited		
CVC Communication and Technology Pty Limited	-	100
Controlled Entities owned 100% by CVC Managers Pty Limited		
CVC Capital Markets Pty Limited	-	100

2.2 Acquisition of Controlled Entities

CVC Property Fund

On 30 June 2008 CVC held 37.8% of the units issued by CVC Property Fund. On 30 September 2008 CVC acquired 15,625,000 units, representing 14.9% of CVC Property Fund and obtained control of the Fund. CVC Property Fund is an ASX listed fund that holds property investments in Australia. An impairment review has been conducted at 31 December 2008 on the goodwill arising from the purchase of the units in CVC Property Fund. The outcome of the review is that an impairment charge has been raised against its full value in the profit and loss statement.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 2: Controlled Entities (cont.)

2.2 Acquisition of Controlled Entities

CVC Property Fund (cont.)

	\$
Cash assets	935,474
Investment property at fair value	18,000,000
Property plant and equipment at fair value	9,500,000
Other assets	122,094
Payables	(223,966)
Loans	(5,255,362)
Bank bills	(15,750,000)
	7,328,240
Goodwill on acquisition	916,179
Non-controlling interest in CVC Property Fund	(3,474,448)
Value of units already held by CVC in CVC Property Fund	(2,769,971)
Cash consideration for CVC Property Fund	2,000,000
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary CVC Limited	935,474 (2,000,000)
Cash consideration paid	(1,064,526)

CVC Private Equity Limited

On 30 June 2008 CVC held 36.6% of the shares issued by CVC Private Equity Limited. On 7 May 2009 CVC completed the acquisition of shares from the third largest shareholder of the company, increasing its shareholding up to 41.2%. As CVC representatives hold a majority of positions on the board of directors as well as holding tight control of the share register it was deemed control of the company had been acquired at that time. CVC continued to acquire shares in CVC Private Equity Limited and as at 30 June 2009 CVC held 42.3% of the shares issued. CVC Private Equity Limited is a private equity investment company. An impairment review has been conducted at 31 December 2008 on the goodwill arising from the purchase of the units in CVC Private Equity Limited. The outcome of the review is that an impairment charge has been raised against its full value in the profit and loss statement.

	\$
Cash asset	2,353,151
Loan receivable	675,705
Investments at cost	2,055,346
Investments at market value	2,349,819
Deferred tax	2,060,494
Other assets	22,052
Payables	(25,981)
	9,490,586
Goodwill on acquisition	31,034
Non-controlling interest in CVC Private Equity Limited	(5,476,328)
Value of shares already held by CVC in CVC Private Equity Limited	(3,903,493)
Cash consideration for CVC Private Equity Limited	141,799
The cash outflow on acquisition is as follows:	
Net cash acquired with the subsidiary CVC Limited	2,353,151 (141,799)
Cash inflow from the acquisition	2,211,352

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 3: Income				
Revenue from rental				
Related entities	284,760	315,550	-	-
Other entities	1,371,176	-	-	-
Revenue from services – related entities	1,876,822	3,035,737	50,000	1,305,653
Net gain on sales of equity investments	18,335,724	9,881,817	19,076,841	5,559,979
Interest:				
Related entities	3,075,993	3,163,659	3,523,149	3,163,659
Other entities	7,635,247	8,564,240	5,149,874	6,138,184
Dividends				
Controlled entities	-	-	-	55,687,349
Related entities	-	88,925	309,266	400,463
Other entities	3,140,016	5,318,860	3,140,016	5,126,171
Impairment recoveries				
Recovery of loans	-	134,987	801,563	1,265,984
Other revenue	746,687	546,382	360,758	513,617
Total income	36,466,425	31,050,157	32,411,467	79,161,059

Note 4: Profit Before Income Tax Expense

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

Borrowing costs:

Related entities	545,952	359,953	-	359,953
Other entities	1,260,864	163,131	590,079	3,747
Total borrowing costs	1,806,816	523,084	590,079	363,700

Other expenses:

Audit fees	166,140	109,348	100,500	89,248
Directors fees	40,957	74,000	15,291	50,000
Insurance	187,171	142,954	99,431	47,829
Legal costs	147,507	404,629	138,362	349,126
Property related expenses	245,753	-	-	-
Travel and accommodation	71,933	102,191	26,074	27,118
All other expenses	549,170	640,889	110,018	237,734
Total other expenses	1,408,631	1,474,011	489,676	801,055

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 5: Income Tax				
5.1 Income Tax Expense/(Benefit):				
Accounting (loss)/profit before income tax	(61,602,545)	1,062,572	(42,609,525)	54,030,105
Income tax (benefit)/expense at the statutory income tax rate of 30%	(18,480,764)	318,773	(12,782,858)	16,209,032
Increase in income tax expense due to:				
Intangible assets impaired	2,659,489	-	-	-
Loans impaired	-	-	2,816,880	-
Trust loss not deductible	472,857	-	-	-
Tax losses not recognised	213,332	837,122	-	-
Deferred tax not recognised	21,952,278	-	14,316,527	-
Sundry items	32,316	53,569	30,000	44,705
Decrease in income tax expense due to:				
Prima facie income tax on profit from subsidiaries within tax consolidation group	-	-	-	(71,105)
Equity based remuneration	(22,168)	-	(22,168)	-
Dividends received	(1,049,778)	(1,574,789)	(1,040,613)	(18,222,677)
Other income not assessable	(71,428)	(115,975)	(603)	(107,093)
Adjustments in respect of current income tax of previous years	5,706,134	(481,300)	3,317,165	(2,147,138)
	58,008	421,069	(37,640)	471,698
Income tax expense/(benefit)	5,764,142	(60,231)	3,279,525	(1,675,440)
The major components of income tax expense/(benefit) are:				
Current income tax charge	351,801	4,527,801	331,448	4,527,801
Deferred income tax	5,354,333	(5,009,101)	2,985,717	(6,674,939)
Adjustments in respect of current income tax of previous years	58,008	421,069	(37,640)	471,698
Income tax expense/(benefit) reported in the income statement	5,764,142	(60,231)	3,279,525	(1,675,440)
5.2 Current Tax Assets:				
Income tax receivable:				
Balance at the end of the year	302,434	-	284,547	-
5.3 Current Tax Liabilities:				
Income tax payable:				
Balance at the end of the year	20,353	4,261,699	-	4,242,216

Income tax payable during the current financial year is payable by companies not included in the CVC tax consolidated group. Refer 5.6.

	Included in Income	Consolidated Included in Equity	Total	Included in Income	The Company Included in Equity	Total
	\$	\$	\$	\$	\$	\$

Note 5: Income Tax (cont.)

5.4 Deferred Tax Assets:

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

Year ended 30 June 2009

Provisions and accrued expenses	148,216	-	148,216	55,542	-	55,542
Impairment expenses	17,877,485	-	17,877,485	13,841,352	-	13,841,352
Share raising costs	-	475,253	475,253	-	475,253	475,253
Equity accounted investments	5,829,009	-	5,829,009	-	-	-
Other	41,681	-	41,681	859	-	859
Tax losses	613,174	-	613,174	-	-	-
Deferred tax assets not recognised	(24,509,565)	(475,253)	(24,984,818)	(13,897,753)	(475,253)	(14,373,006)
	-	-	-	-	-	-

Year ended 30 June 2008

Provisions and accrued expenses	133,334	-	133,334	46,708	-	46,708
Loan impairment	4,728,245	-	4,728,245	4,151,654	-	4,151,654
Share raising costs	-	780,094	780,094	-	780,094	780,094
Equity accounted investments	2,650,336	-	2,650,336	-	-	-
Other	9,956	-	9,956	672	-	672
	7,521,871	780,094	8,301,965	4,199,034	780,094	4,979,128

5.5 Deferred Tax Liabilities

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

Year ended 30 June 2009

"Available-for-sale" investments	-	6,373,338	6,373,338	-	4,193,453	4,193,453
Receivables	1,253,802	-	1,253,802	352,389	-	352,389
Equity accounted income	1,555,615	-	1,555,615	-	-	-
Property, plant and equipment	4,136	-	4,136	-	-	-
Other	192,510	-	192,510	58,507	-	58,507
Deferred tax liabilities not recognised	(2,806,148)	-	(2,806,148)	(56,479)	-	(56,479)
	199,915	6,373,338	6,573,253	354,417	4,193,453	4,547,870

Year ended 30 June 2008

"Available-for-sale" investments	-	16,456,289	16,456,289	-	19,575,955	19,575,955
Receivables	1,351,869	-	1,351,869	442,311	-	442,311
Equity accounted income	5,311,782	-	5,311,782	-	-	-
Property, plant and equipment	4,136	-	4,136	-	-	-
Intangible assets	219,375	-	219,375	-	-	-
Other	430,095	-	430,095	301,696	-	301,696
	7,317,257	16,456,289	23,773,546	744,007	19,575,955	20,319,962

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 5: Income Tax (cont.)

5.6 Tax Consolidation

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

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

In addition to its own current and deferred tax amounts, the Company recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

:: Consolidated ::

	2009	2008
	\$	\$
Note 6: Earnings Per Share		
Basic and Diluted earnings per share (dollars per share)	(0.4452)	0.0067
Reconciliation of earnings used in the calculation of earnings per share:		
Profit after income tax	(67,366,687)	1,122,803
Less: minority interests	(741,753)	(30,182)
Earnings	(66,624,934)	1,152,985
	:: Number of Shares ::	
Weighted average number of ordinary shares – Basic and Diluted	149,659,372	171,082,749
Number of shares on issue at the end of the year	142,848,621	162,352,134

Note 7: Dividends

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

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

	Cents Per Share	Total \$	Date of Payment	Tax rate for Franking Credit	Percentage Franked
2008 Final on ordinary shares	3.00	4,830,176	26 September 2008	30%	100%

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

No dividends have been declared in respect of the year ended 30 June 2009.

:: The Company ::

	2009	2008
	\$	\$
Dividend franking account		
Franking credits available to shareholders for subsequent financial years	7,396,193	7,585,962

The franking account is stated on a tax paid basis. The balance comprises the franking account at year-end adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax.
- franking debits that will arise from the payment of dividends recognised as a liability at year-end.
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

:: Consolidated ::

:: The Company ::

	2009	2008	2009	2008
	\$	\$	\$	\$
Note 8: Loans and Other Receivables				
Current				
Trade and other receivables	2,544,189	2,746,715	2,098,717	2,148,128
Loans to related entities	17,391,288	18,530,525	17,391,288	18,530,525
Impairment of loans to related entities	(1,914,554)	-	(1,914,554)	-
Loans to controlled entities	-	-	6,773,871	-
Loans to other corporations	16,059,239	23,294,286	3,841,967	9,261,983
Impairment of loans to other corporations	(11,541,568)	(2,231,136)	-	(2,199,702)
	22,538,594	42,340,390	28,191,289	27,740,934
Non-current				
Loans to other corporations	30,000	30,000	30,000	30,000
Impairment of loans to other corporations	(30,000)	(30,000)	(30,000)	(30,000)
Loans to controlled entities	-	-	13,265,934	22,618,820
Loans to related entities	3,513,447	2,446,839	2,892,095	2,446,839
Impairment of loans to related entities	(1,655,090)	(1,276,465)	(1,033,738)	(1,276,465)
	1,858,357	1,170,374	15,124,291	23,789,194

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

Further details of loans are set out in notes 29 and 32.

Note 9: Financial Assets – “Available-For-Sale”

Non-current				
Unlisted controlled entities – at cost	-	-	18,862,408	9,323,245
Impairment of controlled entities	-	-	(4,211,801)	-
Shares in listed corporations – at market value	43,073,818	137,055,478	38,037,398	132,659,526
Other investments – at cost	7,985,901	8,074,297	7,638,685	7,916,517
Other investments – at market value	766,272	-	766,272	-
Impairment of investments	(4,500,000)	-	(4,500,000)	-
	47,325,991	145,129,775	56,592,962	149,899,288

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

9.1 Unlisted controlled entities – at cost

The carrying value of certain investments classified as “Unlisted controlled entities – at cost” has been determined by using the fair value approach less transaction costs based on the asset based methodology, using the most recent audited financial report. The determination of the fair value has resulted in an impairment charge of \$4,211,801.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 9: Financial Assets – “Available-For-Sale” (cont.)

9.2 Other investments – at cost

The carrying value of certain investments classified as “Other investments – at cost” has been determined by using the fair value approach less transaction costs based on the asset based methodology, using the most recent audited financial report. The determination of the fair value has resulted in an impairment charge of \$4,500,000.

9.3 Shares in listed corporations – at market value

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

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current				
Prepayments and deposits	90,679	75,311	60,153	31,597
Goods and services tax	-	12,191	85,326	12,325
	90,679	87,502	145,479	43,922

Note 10: Other Assets

Note 11: Investments Accounted for Using the Equity Method

Non-current

Equity accounted interests in joint ventures (note 12)	-	2,051	-	2,051
Equity accounted shares in listed associated companies (note 13)	13,447,650	33,760,274	12,052,169	30,227,895
Equity accounted shares in other associated companies (note 13)	16,263,050	22,203,694	11,754,183	20,209,287
	29,710,700	55,966,019	23,806,352	50,439,233

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

11.1 Cellnet Group Limited

The carrying value of Cellnet Group Limited (“Cellnet”) has been determined by using the fair value approach. The closing “bid-price” of Cellnet on 30 June 2009 was \$0.255 per share which was determined to be an appropriate indication for the fair value of the investment, despite the lack of an active market. Refer note 32.4 and 32.5.

11.2 Mercury Mobility Limited

The carrying value of Mercury Mobility Limited (“Mercury”) has been determined by using the fair value approach. The closing “bid-price” of Mercury on 30 June 2009 was \$0.05 per share which was determined to be an appropriate indication for the fair value of the investment, despite it being in excess of the net tangible asset backing per share and the lack of an active market. Refer note 32.4 and 32.5.

11.3 Pro-Pac Packaging Limited

The carrying value of Pro-Pac Packaging Limited (“Pro-Pac”) has been determined by using the fair value approach. The closing “bid-price” of Pro-Pac on 30 June 2009 was \$0.13 per share which was determined to be an appropriate indication for the fair value of the investment, despite it being in excess of the net tangible asset backing per share and the lack of an active market. Refer note 32.4 and 32.5.

Note 11: Investments Accounted for Using the Equity Method (cont.)

11.4 GPG (No. 7) Pty Limited

The carrying value of GPG (No. 7) Pty Limited ("GPG") has been determined by using the fair value approach and has been calculated as \$8,470,000 based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 32.6.

11.5 Concise Asset Management Limited

The carrying value of Concise Asset Management Limited has been determined by using the fair value approach and has been calculated as nil based on the net asset backing methodology, using the most recent reports provided by the company. Refer note 32.6.

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$

Note 12: Interests in Joint Ventures

Joint Venture Partnerships

Interests in joint venture partnerships	-	2,051	-	2,051
---	---	-------	---	-------

The Company and CVC hold 50% interests (2008: 50%) in two joint venture partnerships: Chevron Developments and Skyline Investments Australia. The principal activities of the joint ventures are property ownership, operation and finance.

Movements in interests in joint venture partnerships are as follows:

At beginning of the year	2,051	98,480	2,051	98,480
Share of (loss)/profit for the year	(38)	15,702	(38)	15,702
Distribution of profits	(2,013)	(112,131)	(2,013)	(112,131)
Balance at the end of the year	-	2,051	-	2,051

The interests in joint venture partnerships at the end of the financial year are split as follows:

Current assets	-	2,051	-	2,051
Current liabilities	-	-	-	-
Net assets	-	2,051	-	2,051
Retained profits	-	2,051	-	2,051

The share of the profit for the year from interests in joint venture partnerships is split as follows:

Income	-	21,457	-	21,457
Expenses	(38)	(5,755)	(38)	(5,755)
Operating profit	(38)	15,702	(38)	15,702

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 13: Investments in Associated Entities

Details of material interests in associated entities are as follows:

	Type	Ownership Interest				Investment Carrying Amount			
		Consolidated		The Company		Consolidated		The Company	
		2009	2008	2009	2008	2009	2008	2009	2008
		%	%	%	%	\$	\$	\$	\$
Cellnet Group Limited	Ords	36.7	33.6	36.7	33.6	7,196,621	14,193,694	7,196,621	14,193,694
Concise Asset Management Limited	Ords	49.0	49.0	-	-	-	577,552	-	-
CVC Geelong Unit Trust	Ord Units	50.0	50.0	50.0	50.0	-	-	50	50
CVC Private Equity Limited (a)	Ords	42.3	36.6	41.9	36.0	-	3,101,929	-	3,046,192
CVC Reef Investment Managers Limited	Ords	50.0	50.0	-	-	95,533	67,627	-	-
CVC Shepparton Pty Limited	Ords	50.0	50.0	50.0	50.0	-	-	50	50
CVC Sustainable Investments	Ords	21.5	19.5	12.8	10.8	2,354,311	2,772,563	1,409,033	1,617,664
CVC Property Fund (a)	Ord Units	52.6	37.8	18.0	3.2	-	3,015,497	-	231,689
CVC Wagga Wagga Unit Trust	Ord Units	50.0	50.0	50.0	50.0	-	-	50	50
GPG (No. 7) Pty Limited	Ords	27.5	27.5	27.5	27.5	8,470,000	13,670,281	8,470,000	13,670,281
Mercury Mobility Limited	Ords	31.8	29.6	24.2	24.2	1,676,142	4,059,106	1,273,365	3,310,535
Pro-Pac Packaging Limited	Ords	29.3	22.3	22.9	22.3	4,574,887	12,491,977	3,582,183	12,491,977
Ron Finemore Transport Pty Limited (b)	Ords	50.0	25.0	25.0	25.0	5,343,206	2,013,742	1,875,000	1,875,000
						29,710,700	55,963,968	23,806,352	50,437,182

	Dividends Received/Receivable			
	Consolidated		The Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cellnet Group Limited	-	-	-	-
Concise Asset Management Limited	-	-	-	-
CVC Geelong Unit Trust	-	-	-	-
CVC Private Equity Limited (a)	-	158,264	-	158,264
CVC Reef Investment Managers Limited	-	-	-	-
CVC Shepparton Pty Limited	-	-	-	-
CVC Sustainable Investments	72,274	66,288	41,725	36,489
CVC Property Fund (a)	-	-	-	-
CVC Wagga Wagga Unit Trust	-	-	-	-
GPG (No. 7) Pty Limited	-	-	-	-
Mercury Mobility Limited	-	-	-	-
Pro-Pac Packaging Limited	267,541	230,616	267,541	230,616
Ron Finemore Transport Pty Limited (b)	-	-	-	-
	339,815	455,168	309,266	425,369

(a) During the financial year CVC Private Equity Limited and CVC Property Fund became controlled entities of CVC. Refer note 2.

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

Note 13: Investments in Associated Entities (cont.)

Information on associated entities:

Cellnet Group Limited	- a distributor of mobile and IT technology to the reseller community in Australia.
Concise Asset Management Limited	- a boutique fund manager focused on investments in ASX listed entities.
CVC Geelong Unit Trust	- a property development of a bulky goods retail centre in Geelong Victoria.
CVC Private Equity Limited	- a private equity investment company.
CVC Reef Investment Managers Pty Limited	- is the investment manager for the CVC REEF Limited renewable energy investment company.
CVC Shepparton Pty Limited	- a property development of a bulky goods retail centre in Shepparton Victoria.
CVC Sustainable Investments	- a group of stapled companies focused on private equity investment in companies that are focused on improved environmental outcomes.
CVC Property Fund	- an ASX listed fund that holds property investments in Australia.
CVC Wagga Wagga Unit Trust	- a property development of a bulky goods retail centre in Wagga Wagga NSW.
GPG (No. 7) Pty Limited	- GPG (No. 7) Pty Limited has manufacturing operations of blended foods, cereals and snack foods.
Mercury Mobility Limited	- a mobile phone personalisation, entertainment and technology company, providing content to end users through relationships with leading telecommunications carriers and content providers.
Pro-Pac Packaging Limited	- a manufacturer and distributor of biodegradable flowable void fill packaging and the distribution of general industrial packaging products.
Ron Finemore Transport Pty Limited	- Ron Finemore Transport Pty Limited is a regional road transport and logistics group. Although CVC holds 50% interest in the company, it does not have control of the management of the company.

The balance date of all the associated entities is 30 June 2009 and all are Australian entities.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 13: Investments in Associated Entities (cont.)

Reconciliations:

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

	CVC Private Equity	CVC Sustainable Investments	Pro-Pac Packaging Limited	CVC Property Fund
	\$	\$	\$	\$
Year ended 30 June 2009				
Balance at the start of the year	3,101,929	2,772,563	12,491,977	3,015,497
New interests acquired	-	289,805	1,273,261	-
Interest disposed	-	-	-	-
Share of associates profits/(losses) before tax	716,024	(765,650)	975,016	(245,526)
Share of associates tax (expenses)/benefit	29,703	259,972	(293,060)	-
Share of associates reserves	(265,796)	(146,880)	-	-
Dividends received during the year	-	(72,274)	(267,541)	-
Reclassification of investments	(3,903,493)	-	-	(2,769,971)
Discount on acquisition	321,633	16,775	-	-
Impairment	-	-	(9,604,768)	-
Balance at the end of the year	-	2,354,311	4,574,885	-
Year ended 30 June 2008				
Balance at the start of the year	7,026,592	-	-	5,744,191
New interests acquired	306,613	118,013	1,607,617	32,548
Share of associates profits/(losses) before tax	(2,872,868)	(639,099)	(44,552)	(2,761,242)
Share of associates tax (expenses)/benefit	(207,661)	100,672	(314)	-
Share of associates reserves	(992,483)	562,688	(202)	-
Dividends received during the year	(158,264)	(66,288)	(230,616)	-
Reclassification of investments	-	2,696,577	11,160,044	-
Impairment	-	-	-	-
Balance at the end of the year	3,101,929	2,772,563	12,491,977	3,015,497

(a) Other entities include Ron Finemore Transport Pty Limited, Concise Asset Management Limited, Winten (No. 20) Pty Limited, CVC Geelong Unit Trust, CVC Shepparton Pty Limited, CVC Wagga Wagga Unit Trust and CVC Reef Investment Managers Limited.

GPG (No. 7) Pty Limited	Cellnet Group Limited	Mercury Mobility Limited	Other Entities (a)	Total
\$	\$	\$	\$	\$
13,670,281	14,193,694	4,059,106	2,658,921	55,963,968
412,500	441,261	185,023	2,163,243	4,765,093
-	-	-	(35,000)	(35,000)
(1,078,580)	(5,263,842)	(792,892)	307,560	(6,147,890)
-	(990,925)	-	-	(994,310)
-	243,017	28,319	-	(141,340)
-	-	-	-	(339,815)
-	-	-	-	(6,673,464)
-	-	-	796,602	1,135,010
(4,534,201)	(1,426,584)	(1,803,412)	(452,587)	(17,821,552)
8,470,000	7,196,621	1,676,144	5,438,739	29,710,700
14,637,531	9,927,512	3,283,754	794,401	41,413,981
1,430,000	8,459,450	2,905,180	851,665	15,711,086
(1,733,910)	(193,356)	(558,509)	147,719	(8,655,817)
(663,340)	(551,137)	-	742,436	(579,344)
-	(559,397)	18,447	-	(970,947)
-	-	-	-	(455,168)
-	-	-	122,700	13,979,321
-	(2,889,378)	(1,589,766)	-	(4,479,144)
13,670,281	14,193,694	4,059,106	2,658,921	55,963,968

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 14: Property, Plant and Equipment				
Plant and equipment				
At cost	283,704	248,783	-	-
Accumulated depreciation	(236,134)	(214,299)	-	-
	47,570	34,484	-	-
Property				
At directors' valuation	8,500,000	-	-	-
Total property, plant and equipment	8,547,570	34,484	-	-
Reconciliation				
Plant and equipment				
Carrying amount at the beginning of the year	34,484	45,621	-	-
Additions	34,921	10,535	-	-
Depreciation	(21,835)	(21,672)	-	-
	47,570	34,484	-	-
Property				
Carrying amount at the beginning of the year	-	-	-	-
Property plant and equipment acquired as part of acquisition of CVC Property Fund on 30 September 2008	9,500,000	-	-	-
Impairment	(1,000,000)	-	-	-
Carrying amount at the end of the year	8,500,000	-	-	-

The fair value of the Narabang Way, Belrose NSW property has been determined by Directors as an estimate which has been based on an independent valuation of \$9.5 million obtained on 21 October 2008 from Colliers International and an assessment of movement in property values since that date. In determining the fair value of the property, at 30 June 2009, of \$8,500,000 the Directors have had regard for the potential that CVC may not hold and develop this property, which was an inherent assumption of the Colliers International valuation of October 2008. The value of \$8.5 million has consideration for a non-distressed sale occurring in circumstances where the parties negotiate an arm's length price. Alternatively, the directors have not excluded the potential to hold and develop the property as a bulky goods site.

Note 15: Investment Properties

Investment properties				
At cost	-	2,833,994	-	-
At directors' valuation	20,780,653	-	-	-
Accumulated depreciation	-	(50,121)	-	-
Total investment properties	20,780,653	2,783,873	-	-
Reconciliation				
Carrying amount at the beginning of the year	2,783,873	2,799,197	-	-
Investment property acquired as part of acquisition of CVC Property Fund on 30 September 2008	18,000,000	-	-	-
Depreciation	(3,220)	(15,324)	-	-
Carrying amount at the end of the year	20,780,653	2,783,873	-	-

Commencing 1 October 2008 investment properties are no longer being depreciated, but instead are now stated at fair value.

Note 15: Investment Properties (cont.)

Name	Ownership %	Acquisition Date	Acquisition Price	Total Cost including additions	Date of Latest External Valuation	Independent Valuer	Movement since Acquisition	Consolidated Book Value 30 June 2009
96 Fairfield Street Fairfield NSW (a)	100%	Oct 2006	\$2.7 m	\$2.8 m	n/a	n/a	-	\$2.8 m
8 Rodborough Road Frenchs Forest NSW (b)	100%	Oct 2007	\$21 m	\$22.4 m	28 June 2007	Landmark White (NSW)	(\$4.4 m)	\$18 m

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

(b) The fair value of the property at 8 Rodborough Road Frenchs Forest NSW has been determined by Directors based on the market rental yield expected to be achieved from the property provided by CB Richard Ellis which was based on recent property sales in the area. Based on the range of rental yields for comparable properties in the area the valuation ranges as follows:

Yield	Valuation
8.70%	\$18.0 million
9.00%	\$17.4 million

:: Consolidated ::

:: The Company ::

	2009	2008	2009	2008
	\$	\$	\$	\$

Note 16: Intangible Assets

Goodwill	-	7,625,384	-	-
Management agreements	1,170,000	1,170,000	-	-
Accumulated amortisation	(497,250)	(438,750)	-	-
Impairment	(672,750)	-	-	-
Total management agreements	-	731,250	-	-
Total intangible assets	-	8,356,634	-	-

Reconciliations

Goodwill

Carrying amount at the beginning of the year	7,625,384	7,625,384	-	-
Arising from the acquisition of controlled entities	1,076,543	-	-	-
Impairment	(8,701,927)	-	-	-
Carrying amount at the end of the year	-	7,625,384	-	-

Management agreements

Carrying amount at the beginning of the year	731,250	848,250	-	-
Amortisation	(58,500)	(117,000)	-	-
Impairment	(672,750)	-	-	-
Carrying amount at the end of the year	-	731,250	-	-

16.1 Impairment test for goodwill and management agreements

The carrying value of Goodwill and Management Agreements are determined by using the "value-in-use" of management fees received by CVC Managers Pty Limited. The recent fall in capital markets will have a significant impact on the future management fees generated as well as their underlying market value. Although a discounted cashflow analysis indicates that they have a positive value the directors are unable to estimate with reliability the value of the Goodwill and Management Agreements and so they have been impaired to nil value.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Note 17: Trade and Other Payables				
Current				
Trade and other payables	516,783	1,800,455	1,196,892	1,654,063
Sundry creditors and accruals	332,811	477,292	134,147	154,051
Goods and services tax	35,252	2,373	-	-
	884,846	2,280,120	1,331,039	1,808,114
Non-Current				
Loan from controlled entities	-	-	36,785,019	30,795,854

Note 18: Provisions

Current				
Employee entitlements	188,986	199,199	-	-
Non-Current				
Employee entitlements	35,926	23,948	-	-

Note 19: Interest Bearing Loans and Borrowings

Current				
Unsecured loans	2,210,535	2,693,695	2,210,535	2,693,695
Non-Current				
Secured bank loan	14,200,000	2,113,032	-	-
Unsecured loan from associated entity	7,033,402	6,318,965	-	-
	21,233,402	8,431,997	-	-

Secured Bank Loan

The secured bank loan is from National Australia Bank and attracts a rate of interest of BBSY plus 1.2% per annum and is secured by first ranking mortgages over the properties at 8 Rodborough Road Frenchs Forest NSW and Narabang Way, Belrose NSW. The terms of the loan include the maintenance of a loan valuation ratio of not more than 55% and an interest cover ratio of 1.3 times with the maturity of the facility at 31 October 2010.

Unsecured loan from associated entity

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

Unsecured loans

The unsecured loans are structured loan facilities linked to the loans provided to CVC Geelong Unit Trust, CVC Shepparton Pty Limited and CVC Wagga Wagga Unit Trust. The loans are only repayable when CVC Geelong Unit Trust, CVC Shepparton Pty Limited and CVC Wagga Wagga Unit Trust repay their loans to CVC and attract a rate of interest of 20% per annum.

:: The Company ::

	2009		2008	
	Number	\$	Number	\$
Note 20: Contributed Equity				
Issued and paid-up ordinary share capital				
Balance at the beginning of the year	162,352,134	136,823,139	171,713,710	145,370,769
Shares issued during the year:				
:: executive and non-executive long term incentive plan	-	-	-	3,105,000
:: reclassification from employee equity benefit reserve	-	-	-	273,759
:: dividend reinvestment plan	-	-	417,041	732,046
:: transaction cost of share placement	-	-	-	(3,481)
:: tax benefit of transaction costs	-	-	-	1,044
Shares bought back on market	(19,503,513)	(14,195,172)	(9,778,617)	(12,655,998)
Balance at the end of the year	142,848,621	122,627,967	162,352,134	136,823,139

On 24 November 2008 CVC received approval from shareholders to undertake an on-market share buy-back scheme for a duration of 12 months and limited to 55,000,000 ordinary shares. At the date of this report 8,059,495 shares had been bought back under this scheme.

:: Consolidated ::

:: The Company ::

	2009		2008	
	\$	\$	\$	\$
Note 21: Retained Profits				
Retained profits at the beginning of the year	99,069,611	113,202,090	64,802,127	24,382,046
Net (loss)/profit attributable to members of the parent company	(66,624,934)	1,152,985	(45,889,050)	55,705,545
Dividends	(4,830,176)	(15,285,464)	(4,830,176)	(15,285,464)
Retained profits at the end of the year	27,614,501	99,069,611	14,082,901	64,802,127

Note 22: Minority Interest

Reconciliation of minority interest in controlled entities:

Balance at the beginning of the year	65,997	97,227
Share of net loss	(741,753)	(30,182)
Acquisitions of interests in controlled entities	8,878,903	-
Revaluation of investments	328	(1,048)
Balance at the end of the year	8,203,475	65,997

The minority interest at the end of the year comprises interests in:

Share capital	21,310,675	658,717
Asset revaluation reserve	(317,918)	(160)
Accumulated losses	(12,789,282)	(592,560)
	8,203,475	65,997

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

	Asset Revaluation Reserve	Employee Equity Benefit Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$
Note 23: Other Reserves				
Consolidated				
Year ending 30 June 2009				
Reserves at the beginning of the year	39,529,888	(48,997)	(996,541)	38,484,350
Share based payments	-	(73,891)	-	(73,891)
Equity accounted share of reserves	(297,569)	(13,882)	170,111	(141,340)
Net unrealised loss on "available-for-sale" investments	(32,675,374)	-	762,479	(31,912,895)
Net unrealised loss on "available-for-sale" investments – minority interest	(328)	-	-	(328)
Realised loss on "available-for-sale" investments reclassified to the income statement	(11,375,278)	-	502,336	(10,872,942)
Tax effect of net loss on "available-for-sale" investments	12,572,074	-	(379,445)	12,192,629
Reserves at the end of the year	7,753,413	(136,770)	58,940	7,675,583
Year ending 30 June 2008				
Reserves at the beginning of the year	86,164,237	330,622	-	86,494,859
Share based payments	-	48,954	-	48,954
Reclassification to contributed equity	-	(273,759)	-	(273,759)
Equity accounted share of reserves	550,766	(154,814)	(219,073)	176,879
Net unrealised loss on "available-for-sale" investments	(48,956,228)	-	(1,030,522)	(49,986,750)
Net unrealised loss on "available-for-sale" investments – minority interest	1,370	-	-	1,370
Realised loss on "available-for-sale" investments reclassified to the income statement	(19,510,908)	-	(80,146)	(19,591,054)
Net realised loss on "available-for-sale" investments – minority interest	59	-	-	59
Tax effect of net loss on "available-for-sale" investments	21,280,973	-	333,200	21,614,173
Tax effect of net loss on "available-for-sale" investments – minority interest	(381)	-	-	(381)
Reserves at the end of the year	39,529,888	(48,997)	(996,541)	38,484,350

	Asset Revaluation Reserve	Employee Equity Benefit Reserve	Foreign Exchange Translation Reserve	Total
	\$	\$	\$	\$
Note 23: Other Reserves (cont.)				
The Company				
Year ending 30 June 2009				
Reserves at the beginning of the year	47,028,395	73,891	(777,468)	46,324,818
Share based payments	-	(73,891)	-	(73,891)
Net unrealised loss on "available-for-sale" investments	(45,259,958)	-	762,479	(44,497,479)
Realised loss on "available-for-sale" investments reclassified to the income statement	(13,312,962)	-	502,336	(12,810,626)
Tax effect of net loss on "available-for-sale" investments	16,499,682	-	(379,445)	16,120,237
Reserves at the end of the year	4,955,157	-	107,902	5,063,059
Year ending 30 June 2008				
Reserves at the beginning of the year	91,641,273	298,696	-	91,939,969
Share based payments	-	48,954	-	48,954
Reclassification to contributed equity	-	(273,759)	-	(273,759)
Net unrealised loss on "available-for-sale" investments	(53,072,901)	-	(1,030,522)	(54,103,423)
Realised loss on "available-for-sale" investments reclassified to the income statement	(12,191,484)	-	(80,146)	(12,271,630)
Tax effect of net loss on "available-for-sale" investments	20,651,507	-	333,200	20,984,707
Reserves at the end of the year	47,028,395	73,891	(777,468)	46,324,818

Asset Revaluation Reserve

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

Employee Equity Benefit Reserve

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 24: Notes to the Cash Flow Statements

24.1 Reconciliation of Cash and Cash Equivalents

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

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash and cash equivalents	66,113,849	51,936,285	62,503,471	50,918,226

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

Net (loss)/profit	(67,366,687)	1,122,803	(45,889,050)	55,705,545
Add/(less) non-cash items:				
Share of equity accounted (profits)/losses	7,142,200	9,219,508	-	(15,702)
Depreciation and amortisation of property, plant and equipment	25,055	36,996	-	-
Amortisation of intangibles	58,500	117,000	-	-
Impairment expenses on assets	84,361,979	14,757,085	64,382,641	13,176,406
Impairment recoveries	-	(22,333)	(801,563)	(1,265,984)
Profit on disposal of investments	(18,335,724)	(9,881,817)	(19,076,841)	(5,559,979)
Net foreign currency loss	(30,488)	230,854	(30,488)	230,854
Interest income not received	(3,868,162)	(3,195,956)	(2,698,762)	(819,563)
Interest expense not paid	545,952	359,953	-	359,953
Dividend income not received	155,686	-	151,513	(55,882,052)
Option income not received	(9,092)	(1,094,888)	-	(1,005,652)
Movement in current tax liabilities	(4,525,892)	(167,331)	(4,526,763)	(186,814)
Movement in deferred tax assets and liabilities	5,287,838	(4,474,938)	2,806,057	(6,068,409)
Equity remuneration	(73,891)	48,954	(73,891)	48,954
Changes in operating assets and liabilities:				
Trade and other receivables	1,453,622	60,266	1,296,259	255,948
Trade and other payables	(2,010,541)	1,160,845	(790,593)	1,605,677
Provisions	1,765	35,524	-	-
Other assets	99,894	(18,081)	(94,565)	(31,289)
Net cash provided by/(used in) operating activities	2,912,014	8,294,444	(5,346,046)	547,893

24.3 Financing Facilities

At 30 June 2009, CVC had access to the following specific lines of credit.

Total facilities available:

Secured bank loan	14,200,000	2,113,032	-	-
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Total facilities used:

Secured bank loan	14,200,000	2,113,032	-	-
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:: Consolidated ::

:: The Company ::

	2009	2008	2009	2008
	\$	\$	\$	\$

Note 25: Auditors' Remuneration

The auditor of the Company is HLB Mann Judd (NSW Partnership).

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

Audit or review of the financial report	166,410	109,348	100,500	89,248
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The Auditors received no other benefits.

Note 26: Commitments and Contingencies

26.1 Operating Lease Commitments

Non-cancellable operating lease expense

Commitments

Future operating lease commitments not provided for in the financial statements and payable:

:: within one year	406,458	373,811	-	-
:: later than one year but not later than five years	1,010,787	1,355,547	-	-
	1,417,245	1,729,358	-	-

26.2 Contingencies

Audit by Australian Taxation Office

The Australian Taxation Office is in the process of completing the audit of tax returns for the years ended 30 June 2004 and 2005 of CVC Limited as part of its Compliance Assurance Program to review the tax affairs of small to medium taxpaying enterprises.

Litigation

CVC has commenced proceedings against Trinity Group (ASX: TCQ) seeking performance of obligations to acquire units in a property trust from CVC. If CVC is unsuccessful in their proceedings, CVC will be responsible for part of Trinity Group's legal costs, which is not possible to quantify at the date of this report.

Note 27: Operations by Segments

27.1 Primary Segments - Business Segments

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

Composition of each business segment is as follows:

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

27.2 Secondary Segments - Geographical Segments

CVC operates predominantly in Australia.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 27: Operations by Segments (cont.)

	Private Equity and Venture Capital	Listed Investments	Property	Funds Management	Corporate Finance	Unallocated, Corporate and Tax	Eliminations	Consolidated
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Year Ended 30 June 2009								
Income:								
Revenues from external customers	1,743	20,848	7,043	2,603	-	4,229	-	36,466
Inter-segment revenue	-	-	469	9,597	-	-	(10,066)	-
Operating revenues	1,743	20,848	7,512	12,200	-	4,229	(10,066)	36,466
Equity accounted income	(421)	(6,365)	(246)	(110)	-	-	-	(7,142)
Total income	1,322	14,483	7,266	12,090	-	4,229	(10,066)	29,324
Results:								
Result before non-cash items	1,315	14,483	4,744	2,485	-	(6,031)	-	16,996
Equity remuneration	-	-	-	-	-	74	-	74
Option income	-	-	-	9	-	-	-	9
Depreciation	-	-	(3)	-	-	(22)	-	(25)
Amortisation of intangibles	-	-	-	(59)	-	-	-	(59)
Impairment expenses	(6,005)	(47,057)	(20,851)	(10,449)	-	-	-	(84,362)
Segment result	(4,690)	(32,574)	(16,110)	(8,014)	-	(5,979)	-	(67,367)
Assets:								
Segment assets excluding equity accounted investments	9,430	43,062	45,088	3,005	-	66,973	-	167,558
Equity accounted investments	13,813	13,448	-	2,450	-	-	-	29,711
Segment assets	23,243	56,510	45,088	5,455	-	66,973	-	197,269
Liabilities:								
Segment liabilities	61	-	23,653	156	-	7,277	-	31,147

Note 27: Operations by Segments (cont.)

	Private Equity and Venture Capital	Listed Investments	Property	Funds Management	Corporate Finance	Unallocated, Corporate and Tax	Eliminations	Consolidated
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Year Ended 30 June 2008								
Income:								
Revenues from external customers	927	15,005	6,781	1,812	1,601	4,924	-	31,050
Inter-segment revenue	-	-	-	12,588	-	-	(12,588)	-
Operating revenues	927	15,005	6,781	14,400	1,601	4,924	(12,588)	31,050
Equity accounted income	(4,498)	(1,348)	(2,868)	(506)	-	-	-	(9,220)
Total income	(3,571)	13,657	3,913	13,894	1,601	4,924	(12,588)	21,830
Results:								
Result before non-cash items	(3,593)	13,347	3,435	1,218	907	(396)	-	14,918
Impairment recoveries	22	-	-	-	-	-	-	22
Option income	-	311	-	89	694	-	-	1,094
Depreciation	-	-	(15)	(22)	-	-	-	(37)
Amortisation of intangibles	-	-	-	(117)	-	-	-	(117)
Impairment expenses	(2,138)	(9,357)	(3,250)	-	-	(12)	-	(14,757)
Segment result	(5,709)	4,301	170	1,168	1,601	(408)	-	1,123
Assets:								
Segment assets excluding equity accounted investments	11,055	137,000	39,540	11,669	-	60,877	-	260,141
Equity accounted investments	21,561	30,745	3,015	645	-	-	-	55,966
Segment assets	32,616	167,745	42,555	12,314	-	60,877	-	316,107
Liabilities:								
Segment liabilities	2,045	-	11,126	458	-	28,035	-	41,664

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 28: Related Party Information

28.1 Key Management Personnel

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

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

Vanda Russell Gould

John Scott Leaver

John Douglas Read

Alexander Damien Harry Beard

John Thomas Riedl (resigned 24 February 2009)

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

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

28.2 Loans to Key Management Personnel

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

28.3 Loans with Related Parties

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

	2009	2008	Interest Rate
	\$	\$	%
Loans Receivable			
CVC Sustainable Investments No. 2 Limited	1,002,871	2,048,516	10.0
Frenchs Forest No. 1 Trust (a)	-	2,562,722	10.0
CVC Shepparton Pty Limited	688,500	1,286,920	20.0
CVC Geelong Unit Trust	11,297,766	9,065,456	20.0
Impairment of loan – CVC Geelong Unit Trust	(1,914,554)	-	
CVC Wagga Wagga Unit Trust	5,405,022	6,129,633	20.0
CVC REEF Limited (b)	1,889,224	2,446,839	6.5
Impairment of loan – CVC REEF Limited	(1,033,738)	(1,276,465)	
Concise Asset Management Limited	621,352	-	8.5
Impairment of loan – Concise Asset Management Limited	(621,352)	-	
Loans Payable			
Winten (No. 20) Pty Limited	7,506,299	6,556,467	10.0

(a) Frenchs Forest No. 1 Trust became a controlled entity of CVC on 30 September 2008.

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

Note 28: Related Party Information (cont.)

28.4 Other Transactions

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

	2009		2008	
	Paid	Received	Paid	Received
	\$	\$	\$	\$
Management fees:				
CVC Private Equity Limited (a)	-	517,767	-	518,428
CVC Sustainable Investments Limited	-	182,775	-	147,517
CVC Sustainable Investments No. 2 Limited	-	182,963	-	142,644
CVC Reef Investment Managers Pty Limited	-	80,000	-	159,000
CVC Property Fund (a)	-	45,000	-	-
Frenchs Forest No. 1 Trust	-	10,107	-	-
Cellnet Group Limited	-	54,500	-	451,683
Cyclopharm Limited	-	40,724	-	-
The Environmental Group Limited	-	71,479	-	22,546
Mercury Mobility Limited	-	25,000	-	120,000
GPG (No. 7) Pty Limited	-	561,749	-	-
CVC Geelong Unit trust	-	50,000	-	-
Pro-Pac Packaging Limited	-	40,500	-	-
Vita Life Sciences Limited	-	-	-	27,186
Silver Bird Group	-	-	-	311,304
Leagou Pty Limited (b), (c)	-	-	-	90,909
Wenola Services Pty Limited (c)	200,000	-	200,000	-
Southseas Nominees Pty Limited (b)	100,000	-	100,000	-
Melbourne Corporation of Australia Pty Limited (b)	100,000	-	100,000	-
Other services:				
Melbourne Corporation of Australia Pty Limited (b)	-	-	-	-
:: Taxation	-	-	53,282	-
:: Secretarial	44,100	-	44,100	-

(a) Represents amounts received prior to becoming a controlled entity of CVC.

(b) Private companies associated with Mr Gould.

(c) Private company associated with Mr Leaver.

Note 29: Additional Financial Instruments Disclosure

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 29: Additional Financial Instruments Disclosure (cont.)

29.1 Interest Rate Risk

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

:: Consolidated ::

	Note	Floating Interest Rate	1 Year or Less	Fixed Interest 1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
		\$	\$	\$	\$	\$	\$
2009							
Financial assets							
Cash and cash equivalents	24	2,910,136	63,203,213	-	-	500	66,113,849
Trade and other receivables	8	-	19,994,405	1,858,357	-	2,544,189	24,396,951
Financial liabilities							
Trade and other payables	17	-	-	-	-	884,846	884,846
Interest bearing liabilities	19	14,200,000	2,210,535	-	7,033,402	-	23,443,937
2008							
Financial assets							
Cash and cash equivalents	24	3,317,450	48,618,273	-	-	562	51,936,285
Trade and other receivables	8	-	38,104,391	1,170,374	-	4,235,999	43,510,764
Financial liabilities							
Trade and other payables	17	-	-	-	-	2,280,120	2,280,120
Interest bearing liabilities	19	-	4,806,727	-	6,318,965	-	11,125,692

:: The Company ::

	Note	Floating Interest Rate	1 Year or Less	Fixed Interest 1 to 5 Years	Non-Interest Bearing	Total
		\$	\$	\$	\$	\$
2009						
Financial assets						
Cash and cash equivalents	24	1,357,989	61,145,482	-	-	62,503,471
Trade and other receivables	8	-	26,092,572	1,858,357	15,364,651	43,315,580
Financial liabilities						
Trade and other payables	17	-	-	-	38,116,058	38,116,058
Interest bearing liabilities	19	-	2,210,535	-	-	2,210,535
2008						
Financial assets						
Cash and cash equivalents	24	2,320,677	48,597,491	-	58	50,918,226
Trade and other receivables	8	-	24,103,521	1,170,374	26,256,233	51,530,128
Financial liabilities						
Trade and other payables	17	-	-	-	32,603,968	32,603,968
Interest bearing liabilities	19	-	2,693,695	-	-	2,693,695

Note 29: Additional Financial Instruments Disclosure (cont.)

29.1 Interest Rate Risk (cont.)

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

Sensitivity

At reporting date, if interest rates had been 50 basis points higher (2008: 25 basis points higher/(lower)) and the other variables were held constant, then the impact of the Group would be:

	:: Consolidated ::			:: The Company ::		
	Increase of 50 bp	Increase of 25 bp	Decrease of 25 bp	Increase of 50 bp	Increase of 25 bp	Decrease of 25 bp
	\$	\$	\$	\$	\$	\$
2009						
Net profit	172,104	n/a	n/a	234,308	n/a	n/a
Equity increase	172,104	n/a	n/a	234,308	n/a	n/a
2008						
Net profit/(loss)	n/a	118,032	(118,032)	n/a	116,189	(116,189)
Equity increase/(decrease)	n/a	118,032	(118,032)	n/a	116,189	(116,189)

29.2 Price Risk

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

Sensitivity

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

	:: Consolidated ::		:: The Company ::	
	Increase of 10%	Decrease of 10%	Increase of 10%	Decrease of 10%
	\$	\$	\$	\$
2009				
Net profit/(loss)	941,336	(941,336)	-	-
Equity increase/(decrease)	3,139,378	(3,139,378)	2,814,889	(2,814,889)
2008				
Net profit/(loss)	284,137	(284,137)	-	-
Equity increase/(decrease)	10,137,149	(10,137,149)	11,693,211	(11,693,211)

29.3 Credit Risk Exposure

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

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 29: Additional Financial Instruments Disclosure (cont.)

29.4 Liquidity Risk

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

The following table details CVC's and the Company's contractual liabilities.

:: Consolidated ::

	Less than 6 months	6 months to 1 Year	1 to 5 Years	Greater than 5 Years	Total
	\$	\$	\$	\$	\$
2009					
Trade and other payables	884,846	-	-	-	884,846
Interest bearing liabilities	1,630,596	579,939	14,200,000	7,033,402	23,443,937
2008					
Trade and other payables	2,280,120	-	-	-	2,280,120
Interest bearing liabilities	-	2,693,695	-	8,431,997	11,125,692

:: The Company ::

	Less than 6 months	6 months to 1 Year	1 to 5 Years	Greater than 5 Years	Total
	\$	\$	\$	\$	\$
2009					
Trade and other payables	1,331,039	-	36,785,019	-	38,116,058
Interest bearing liabilities	1,630,596	579,939	-	-	2,210,535
2008					
Trade and other payables	1,808,114	-	30,795,854	-	32,603,968
Interest bearing liabilities	-	2,693,695	-	-	2,693,695

29.5 Currency Risk

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

Note 29: Additional Financial Instruments Disclosure (cont.)

29.5 Currency Risk (cont.)

Foreign currency sensitivity

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

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

	:: Consolidated ::		:: The Company ::	
	Increase in AUD of 10%	Decrease in AUD of 10%	Increase in AUD of 10%	Decrease in AUD of 10%
	\$	\$	\$	\$
MYR				
2009				
Net profit/(loss)	-	-	-	-
Equity increase/(decrease)	(580,748)	738,449	(580,748)	738,449
2008				
Net profit/(loss)	-	-	-	-
Equity increase/(decrease)	(538,554)	672,909	(538,554)	672,909
USD				
2009				
Net profit/(loss)	-	-	-	-
Equity increase/(decrease)	-	-	-	-
2008				
Net profit/(loss)	-	-	-	-
Equity increase/(decrease)	(383,966)	469,292	(383,966)	469,292

29.6 Fair Value of Financial Assets and Liabilities

Investments are carried at their fair value in accordance with the valuation policy disclosed in Note 1.

Other financial assets and liabilities are carried at values which are consistent with fair values.

Note 30: Employee Entitlements

Aggregate liability for employee entitlements including on-costs:

	:: Consolidated ::		:: The Company ::	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current	188,986	199,199	-	-
Non-current	35,926	23,948	-	-
Number of employees at year-end	8	11	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

Note 31: Events Subsequent to Year End

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

Note 32: Critical Accounting Estimates and Judgements

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

32.1 Loans to other corporations

An impairment has been raised against certain loans to other corporations of \$11,571,568 that have a carrying value of \$16,089,239. The recoverable amount has been assessed in note 8.

32.2 Loans to related entities

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

CVC has provided a subordinated loan of \$621,352 to Concise Asset Management Limited, a boutique fund manager focused on investments in ASX listed entities of which CVC holds a 49% interest and Mr Beard is a director.

CVC has provided loans with a total carrying value of \$17,391,288 to CVC Geelong Unit Trust, CVC Shepparton Pty Limited and CVC Wagga Wagga Unit Trust which are focused on the development of bulky goods properties which CVC holds a 50% interest and Mr Beard is a director.

The recoverable amounts of the loans have been assessed in note 8.

32.3 "Available-for-sale" investment

Certain "available-for-sale" investments with a carrying value of \$10,648,015 that are revalued through reserves have been considered to have experienced a significant or prolonged fall in share price below cost. An impairment loss has been raised and transferred from reserves to the profit and loss statement. The recoverable amount has been assessed in note 9.

32.4 Investments accounted for using the equity method – listed investments

The investment in Cellnet Group Limited has a carrying value of \$7,196,621 following an impairment charge of \$1,426,584, Mercury Mobility Limited has a carrying value of \$1,676,144 following an impairment charge of \$1,803,412 and Pro-Pac Packaging Limited has a carrying value of \$4,574,885 following an impairment charge of \$9,604,768.

32.5 Absence of active market

In calculating the fair value of Cellnet Limited, Pro-Pac Packaging Limited and Mercury Mobility Limited CVC has determined that an active market does not exist for significant holdings because each company does not trade on a daily basis; each trade that is executed, excluding those by CVC, is small in size; and the market capitalization is small such that larger institutions do not hold significant shareholdings. However the active market in small amounts of trading does provide a guide for valuation in that it indicates whether or not the market values the intangible assets of an entity. This factor has been used in determining the valuation in note 11.

32.6 Investments accounted for using the equity method – unlisted investments

The investment in GPG (No. 7) Pty Limited has a carrying value of \$8,470,000 following an impairment charge of \$4,534,201. CVC has discounted net tangible asset backing by 20% to reflect the current trading environment. If the discount is +/- 10% the impact on the carrying value of GPG (No. 7) Pty Limited is +/- \$1,047,420. Concise Asset Management Limited has a carrying value of nil following an impairment charge of \$452,587. The recoverable amount has been assessed in note 11.

32.7 Property

The property at Narabang Way, Belrose NSW has a carrying value of \$8.5 million following an impairment of \$1,000,000. The recoverable amount has been assessed in note 14.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2009

In the opinion of the Directors of CVC Limited:

- (a) The financial statements and notes of the company and of the consolidated entity are in accordance with *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with s. 295A of the *Corporations Act 2001* for the financial period ending 30 June 2009.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the audited remuneration disclosures set out on pages 5 to 6 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001.

Dated at Sydney 28 August 2009.

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

ADH Beard
Director

JD Read
Director

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2009

To the members of CVC Limited

We have audited the accompanying financial report of CVC Limited "the company", which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the CVC Limited Group ("the consolidated entity") as set out on pages 8 to 47. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of CVC Limited on 28 August 2009, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

- (a) the financial report of CVC Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of CVC Limited for the year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Mark D Muller
Partner

Sydney
28 August 2009

Liability limited by a scheme approved under Professional Standards Legislation

Corporate Governance Statement

FOR THE YEAR ENDED 30 JUNE 2009

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

Vanda Russell Gould (Chairman)

Appointed 31 October 1996. Also a Director from 1984 to 1994, member of the audit committee

Alexander Damien Beard (Managing Director)

Appointed 17 August 2000, member of the audit committee

John Scott Leaver

Appointed 29 May 1984

John Douglas Read

Appointed 20 March 1989, member of the audit committee

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

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

The Company chose to adopt selected recommendations throughout the financial year ended 30 June 2009, in particular those discussed in detail below:

Board Composition and Directors' Experience

The Board of the Company comprises four Directors.

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

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

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

Mr Read is chairman of the audit committee, but because he has been on the Board of the Company for more than twenty years, he is not

considered independent. Further information in relation to the audit committee can be found in the Directors Report to the financial report.

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

For these reasons, the Company did not adopt the following recommendations throughout the financial year ended 30 June 2009:

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

Costs and Benefits of Compliance

A number of the recommendations require the formal documentation of policies and procedures that the Company already substantially performs. The Company considered that to create such documentation independently and specifically for the Company would have had minimal additional benefit but substantial additional expense. The Company is also mindful to not adopt such procedures solely for the sake of adoption or where they could actually inhibit the proper function or opportunities of the Company.

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

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

Other Information

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

In respect of the year ended 30 June 2009, the Managing Director and the Chief Financial Officer have provided certifications to the Board in relation to the presentation of the financial reports and the operation of the risk management and internal control system.

The Company did not perform a performance evaluation of the Board and its members during the year ended 30 June 2009.

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

In accordance with the ASX Continuous Disclosure requirements, the Company ensures that price sensitive information is released to the market on a timely basis. Additional information regarding the operation of CVC can be found at www.cvc.com.au.

Additional Information

The following information was current as at 28 September 2009.

Distribution schedule

The distribution of shareholders and their shareholdings was as follows:

Category (size of holding)	Number of ordinary shareholders
1 - 1,000	150
1,001 - 5,000	519
5,001 - 10,000	315
10,001 - 100,000	459
100,001 - over	110
Total	1,553

Unmarketable parcels	Minimum parcel size	Number of shareholders
Minimum \$500.00 parcel at \$0.57 per share	878	82

On market share buy-back

The Company has a current on market share buy-back which commenced on 24 November 2008.

Substantial holders

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

Shareholder	Number of ordinary shares in which interest held
Leagou Pty Limited	20,704,611
Penalton Pty Limited	15,575,978
Southsea (Aust.) Pty Limited	13,346,138
Derrin Brothers Properties Limited	7,899,259

20 largest shareholders - ordinary shares

As at 28 September 2009, the top 20 shareholders and their shareholdings were as follows:

Shareholder	Shares held	% of issued capital held
Leagou Pty Limited	20,704,611	14.70
Penalton Pty Limited	15,575,978	11.06
Southsea (Aust.) Pty Limited	13,346,138	9.48
Derrin Brothers Properties Limited	7,899,259	5.61
Southgate Investment Funds Limited	5,500,000	3.91
Huang Xiao Sheung Limited	4,264,368	3.03
Abasus Investments Limited	4,186,408	2.97
RBC Dexia Investor Services Australia Nominees Pty Limited	3,811,824	2.71
JP Morgan Nominees Australia Limited	3,679,569	2.61
Chemical Trustee Limited	3,566,556	2.53
LJK Nominees Pty Limited	3,000,000	2.13
Fine Industrial Technology Limited	2,095,205	1.49
Cogent Nominees Pty Limited	2,048,715	1.45
Fadmoor Pty Limited	2,000,000	1.42
Dr Joseph David Ross	2,000,000	1.42
Pacific Securities Inc	1,295,185	0.92
Mr Alexander Beard	1,293,136	0.92
Warman Investments Pty Limited	1,250,000	0.89
Mr Nigel Cameron Stokes	1,017,271	0.72
National Nominees Limited	992,787	0.70
	99,527,010	70.67

Voting Rights

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

Registered Office

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



CVC Limited

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

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