

COMMENTARY ON RESULTS AND FUTURE EXPECTATIONS AND INTERIM DIVIDEND ANNOUNCEMENT

Commentary on Results & Future Expectations:

The Directors of CVC Limited and its controlled entities ("the Group") are delighted to report a record first half result for the period to 31 December 2003: a profit after tax attributable to members of over \$9 million (up 549% from 31 December 2002). Key positive drivers of the result are the sale of shares in Sunland Group Limited ("Sunland"), the contribution of Pro-Pac Group Limited, profits from the Renaissance Shopping Centre and mezzanine financing; whilst on the negative side there have been significant provisions made against the carrying value of investments related to Vita Life Sciences Limited ("Vita").

Sunland:

- The result includes \$7 million profit from the sale of shares in Sunland. This profit reflected an almost 80% appreciation in the value of Sunland shares since the end of the 2003 financial year.

It should be noted that:

- at 31 December 2003, the Group retains a holding of approximately 20% of the share capital of Sunland;
- the Group result also includes \$5.6 million of equity accounted profits from Sunland;
- the Group result does not include \$1.3 million of dividends received from Sunland during the period;
- if the Group's investment in Sunland was revalued to market, it would increase the net assets of the Group by over \$19 million before tax.

Vita:

The result for the half-year is after charging against profits over \$5.5 million of provisions for non-recovery of loans and for the net decrease in the recoverable amount of investments. These provisions relate primarily to Vita.

The Group is a significant shareholder and convertible note holder in Vita. During the half-year Vita has continued to operate at a cash deficiency with operating cash flows from trading, negatively impacted by the time taken to recover from the Pan Pharmaceutical recall, being insufficient to fund ongoing litigation and research and development. This has further stretched the capital structure and resources of Vita. It will be recalled that Vita was already involved in litigation against the former Managing Director to recover losses from alleged serious fraud perpetrated on Vita. It is very unusual for a Company to experience two such major setbacks in such a short period of time.

In concluding the determination of the results for the half-year, the Group has considered the recoverability of the Group's shares and notes in Vita and made the decision to write them down to what is considered a conservatively estimated recoverable amount. This has resulted in the Group reporting a lower profit than was previously

anticipated. The provisions have included providing 100% against the ordinary shares and 50% against the value of the convertible notes. It should be noted that these write-downs are not realised and the Group is actively engaged with the management of Vita to maximise the value to the Group of its investments in Vita.

Other Investments:

In addition to the excellent result reported for the half year, the Group has continued to make significant progress on developing a platform for future growth. Key highlights during the period included:

- the Group completed the settlement of its long standing dispute in relation to land near Newcastle in New South Wales. This resulted in the signing of a joint venture agreement in relation to the land which is anticipated will generate significant profits for the Group for several years to come;
- the Pro-Pac Packaging business made substantial progress on growing revenues and earnings and contributed significantly to the half year result;
- continued growth in value of the listed investment portfolio, including further growth in market value of Greens Foods (\$3.7 M growth in unrealised value since June 30, 2003), and Stargames (\$3.1 M growth in unrealised value since June 30, 2003).
- the development of a realisation strategy for the Group's joint venture interest in the Chevron Renaissance shopping centre with the expectation of a significant profit, and
- the Group finishing the period with a significant cash holding, in excess of \$30 million, which provides significant scope for future investment opportunities.

General:

The Group continues to maintain its objective of building long term capital growth underpinned by a base of recurrent earnings. This objective necessarily involves the holding of investments for longer periods and the making of capital profit realisations that are not spread evenly across reporting periods. Results of the Group for this, and all future, accounting periods should be considered in this light.

Dividends:

As a result of the excellent result, and as foreshadowed in the 2003 Annual Report, the Directors are pleased to announce that for the first time in ten years the Group will be paying an interim dividend of 1.5 cents per share payable on March 25, 2004, with entitlements to be determined by reference to shareholdings on March 15, 2004.

Shareholders will be aware that for the first time, following the last annual general meeting of the Company, they have the option of taking advantage of a dividend reinvestment plan. All shareholders will soon receive documentation explaining the plan and a form to complete to elect to participate in the plan. Shareholders should note that to participate in the plan for the current dividend the election form must be returned by March 15, 2004.

STATEMENT OF FINANCIAL PERFORMANCE

For the Half Year Ended 31 December 2003

	Consolidated	
	31 Dec 2003 \$'000	30 Jun 2003 \$'000
Sales Revenue	9,360	-
Other Revenue	20,814	1,376
Total Revenues From Ordinary Activities	30,175	1,376
Net Profit after Tax but before Outside Equity Interests	9,319	1,414
Net Profit Attributable to Outside Equity Interests	315	27
Operating Profit after Tax Attributable to Members of the Company	9,004	1,387
Dividends Paid	2,185	1,646
Basic & Diluted Earnings Per Share (Cents)	8.24	1.26
Net Tangible Assets per Share	75.86	70.3

CVC LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

For the Half Year Ended 31 December 2003

	Consolidated	
	31 Dec 2003 \$'000	30 Jun 2003 \$'000
CURRENT ASSETS		
Cash Assets	30,540	2,477
Receivables	7,295	13,165
Inventories	961	801
Other Financial Assets	4,406	4,669
Current Tax Assets	54	311
Other Assets	153	61
Total Current Assets	43,410	21,485
NON-CURRENT ASSETS		
Receivables	5,954	17,218
Investments Accounted for using the Equity Method	31,213	33,403
Other Financial Assets	13,044	10,328
Intangible Assets	5,136	5,257
Property, Plant and Equipment	674	617
Deferred Tax Assets	98	4
Total Non-Current Assets	56,119	66,828
TOTAL ASSETS	99,530	88,313
CURRENT LIABILITIES		
Payables	9,578	3,091
Interest Bearing Liabilities	-	215
Provisions	340	1,889
Current Tax Liabilities	548	369
Total Current Liabilities	10,466	5,564
NON-CURRENT LIABILITIES		
Interest Bearing Liabilities	-	-
Deferred Tax Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	10,466	5,564
NET ASSETS	89,064	82,749
EQUITY		
Contributed Equity	25,805	26,634
Retained Profits	61,021	54,202
Total Parent Entity Interest	86,826	80,836
Outside Equity Interest	2,238	1,913
TOTAL EQUITY	89,064	82,749

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STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2003

	Consolidated	
	31 Dec 2003 \$'000	30 Dec 2002 \$'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Cash Receipts in the Course of Operations	9,468	-
Cash Payments in the Course of Operations	(10,309)	(1,366)
Interest Received	406	252
Dividends Received	1,793	1,223
Interest Paid	(205)	-
Income Taxes Repaid/(Paid)	4	1,188
Other	-	9
Net Cash Provided by Operating Activities	1,156	1,304
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment	(110)	-
Payments for Equity Investments	(6,217)	(1,828)
Payments for Controlled Entity net of Cash Acquired	(1,743)	-
Proceeds on Disposal of Equity Investments	18,679	57
Loans Provided	(3,673)	(7,009)
Loans Repaid	22,921	6,146
Other	-	56
Net Cash (Used in)/ Provided by Investing Activities	29,857	(2,578)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends Paid to Members of the Parent Entity	(2,185)	(1,646)
Payments for share buy-backs	(829)	-
Issue of Shares by Subsidiary to Outside Equity Interests	63	-
Cash Used in Financing Activities	(2,950)	(1,646)
Net Increase/ (Decrease) in Cash Held	28,063	(2,919)
Cash at the Beginning of the Period	2,477	4,439
CASH AT THE END OF THE PERIOD	30,540	1,519



**HALF YEARLY REPORT
FOR THE YEAR ENDED DECEMBER 2003**

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